(Translation)

This document is an English translation of the notice for the general meeting of shareholders originally written in Japanese. This translation was made for reference purpose only and all warranties, and in particular the accuracy of this translation, are hereby disclaimed.

(Securities Identification Code: 6703)
June 3, 2009

NOTICE OF 85TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Oki Electric Industry Co., Ltd. (the "Company") would hereby like to inform you that the 85th ordinary general meeting of shareholders will be held as follows. We would be grateful if you could attend the meeting.

Those who will not be able to attend the meeting are kindly requested to review the attached "Reference Documents for the General Meeting of Shareholders" and exercise their voting rights in one of the following ways no later than 5:15 p.m., June 24 (Wednesday), 2009 (JST).

[Exercise of voting rights via postal mail]
Please indicate your approval or disapproval for each of the proposals in the space provided on the ballot and return the ballot to the Company. (There is no need to affix your signature or registered seal.)

[Exercise of voting rights via electronic means (Internet)]
Please read the appended "Instructions for the Exercise of Voting Rights via the Internet," and indicate your approval or disapproval online via the designated website at http://www.it-soukai.com/. There is no need to mail the ballot if you choose to vote via Internet.

Yours faithfully,

Katsumasa Shinozuka,
President and Chief Executive Officer
Oki Electric Industry Co., Ltd.
3-16-11 Nishi-shinbashi, Minato-ku, Tokyo

(Translation)

1. Date and Time: Thursday, June 25, 2009, from 10:00 a.m.

2. Location: Nippon Seinen-kan Hall, 7-1 Kasumigaoka, Shinjuku-ku, Tokyo
(The location is different from that last year.)

3. Meeting Agenda

Items to be reported:

1. Business Report, Consolidated Financial Statements and audit results of the Consolidated Financial Statements by the Account Auditor and the Board of Corporate Auditors for the 85th fiscal year (from April 1, 2008 to March 31, 2009)
2. Non-consolidated Financial Statements for the 85th fiscal year (from April 1, 2008 to March 31, 2009)

Items to be resolved:

Agenda 1: Partial Amendment to the Articles of Incorporation
Agenda 2: Election of Two (2) Directors
Agenda 3: Election of One (1) Corporate Auditor

---

* If you are attending the meeting in person, please submit the enclosed ballot at the reception desk of the meeting.

* The Company has provided the Notice of 85th Ordinary General Meeting of Shareholders on its Internet website (http://www.oki.com/). Any amendment to the Company's Reference Documents for the General Meeting of Shareholders, the Business Report, and the Consolidated and Non-consolidated Financial Statements will be announced on the website.

(Translation)

Business Report

(From April 1, 2008 to March 31, 2009)

1. Status of the OKI Group

(1) Operating progress and results

In the current consolidated fiscal year ended March 2009, we at OKI Group (the "Group") achieved a surplus because it recorded consolidated sales of ¥545.7 billion and consolidated operating income of ¥0.4 billion. As compared with the previous consolidated fiscal year, consolidated sales decreased by 24.2% and consolidated operating income decreased by ¥5.8 billion. Consolidated recurring loss increased by ¥2.3 billion from a loss of ¥3.9 billion in the previous consolidated fiscal year to ¥6.2 billion. With respect to consolidated net income or loss, the Group recorded a loss on revaluation of inventories of ¥10.6 billion due to a change of valuation standards for inventories upon application of the Accounting Standards for Inventory Valuation and for other reasons, a loss of ¥5.2 billion as a result of transfer of semiconductor business, a reversal of translation adjustments of ¥7.4 billion and other losses as extraordinary losses and consequently recorded a loss of ¥45.0 billion compared with an income of ¥0.6 billion in the previous consolidated fiscal year, a year-on-year decline of ¥45.6 billion.

During the current consolidated fiscal year, the worldwide economy was in a slowdown and in a severe situation due to a worldwide recession stemming from the financial crisis in the U.S. In the U.S., the economic downturn as a result of the subprime mortgage issue and high oil prices were rapidly aggravated following the financial crisis stemming from the bankruptcy of a major securities company last September. Changes in the U.S. economy, which had been an engine of the global economy, expanded to Europe, Japan, and emerging countries and resulted in recession and stagnation of the global real economy, including a decline in stock prices and real estate prices, stagnant consumption, a significant decrease in corporate capital expenditure, and an accompanying worsening employment situation. At present, despite favorable outlooks such as stable stock prices and exchange rates and recovery in production at some companies, the situation is still severe and the outlook is unclear.

The OKI Group is trying to transform its business structure in order to establish a continuously profitable business constitution even in a significantly changing management environment as mentioned above. As part of the acceleration of selection and concentration of businesses, one of our policies, after establishing a semiconductor business company last October, the Group transferred 95% of the shares of said company to ROHM Co., Ltd. Due to this transfer and downturn in the semiconductor business until the second quarter of the consolidated fiscal period, in the consolidated fiscal year under review, sales at the semiconductor business decreased by ¥84.1 billion and operating income decreased by ¥8.9 billion as compared with the previous consolidated fiscal year.

Sales other than the sales of the semiconductor business decreased by ¥89.9 billion due to saturation in demand for postal privatization, appreciation of the yen, deterioration of the economic environment, and other reasons. Among other things, components businesses relating to power supply units and motors, which are independent businesses of subsidiaries, and business of production on commission recorded a significant decrease in sales due to deterioration of the economic environment. At the same time, operating income increased by ¥3.2 billion because factors which cause lower profits – such as lower marginal profits in association with decrease in sales and lower prices – were covered by an improvement in profitability due to the decrease in sales of low-profit businesses, reduction of production and procurement costs, and thorough containment of fixed and other costs.

Non-consolidated results followed a trend similar to that for consolidated results. Sales for the term under review stood at ¥271.1 billion, down 33.7% year-on-year. Operating loss decreased ¥4.5 billion year-on-year to ¥8.5 billion from a loss of ¥13.0 billion in the previous year. Recurring loss improved ¥3.8 billion from a loss of ¥11.9 billion in the preceding year to a loss of ¥8.1 billion. Net loss also dropped ¥33.5 billion to a loss of ¥35.2 billion from a loss of ¥1.7 billion in the previous year.

We deeply regret to say that there will be no payment of dividends to shareholders for the fiscal year under review.

Consolidated sales by segment are as provided below.

- Net Sales

(Unit: billions of yen)

Segment	FY2007 (reference: previous year)	FY2008 (the year under review)	Increase or decrease	Compared to the previous year (%)
Info-telecom systems	359.0	302.3	(56.7)	(15.8)
Printers	185.8	160.7	(25.1)	(13.5)
Others	36.7	28.6	(8.1)	(22.4)
Sub-total	581.5	491.6	(89.9)	(15.5)
Semiconductors	138.2	54.1	(84.1)	(60.8)
Total	719.7	545.7	(174.0)	(24.2)

The following provides a summary of each segment.

Info-telecom systems

Sales of the financial system business decreased from the previous year due to saturation in demand for postal privatization and ATM replacement demand in Japan for retail stores, although sales of the domestic branch office terminals to general financial institutions and of ATMs to the Chinese market increased. In the communications system business, total sales decreased even though the sales of optical-access-related equipment increased, as the sales of communications equipment to general corporations decreased because OKI trimmed unprofitable businesses by accelerating selection and concentration of businesses and because of the severe economic environment. Additionally, sales decreased in the information system business as sales of systems to general corporations decreased due to the economic environment and the trimming of unprofitable businesses.

As a result, sales to third parties decreased by 15.8% to ¥302.3 billion as compared with the previous consolidated fiscal year. Meanwhile, with respect to operating income and loss, even though marginal profits decreased due to a decrease in sales, an improvement in profitability due to a trimming of unprofitable businesses, thorough containment of costs, a reduction of production and procurement costs covered this decrease, and the loss of ¥1.7 billion in the previous consolidated fiscal year improved by ¥8.7 billion to a profit of ¥7.0 billion.

Printers

In the printer segment, sales significantly decreased due to the appreciation of the yen. With regard to sales by product, sales of consumables for business-use color printers (color NIP) were steady but sales of printers decreased due to lower prices and the severe economic environment. Shipments of monochrome printers (mono NIP) were almost the same as in the previous year partly because new products were introduced. Shipments of dot impact printers (SIDM) decreased due to a shrinking of the overall global market.

As a result, sales to third parties dropped by 13.5% as compared with the previous consolidated fiscal year to ¥160.7 billion. Operating income decreased by ¥0.8 billion from ¥8.6 billion in the previous consolidated fiscal year to ¥7.8 billion because of a change in exchange rates and lower prices despite the effects of the reduction in production and procurement costs and thorough containment of costs.

Semiconductors

The situation of the semiconductor segment until the second quarter of the consolidated fiscal period was as follows.

Sales of driver LSIs fell because liquid crystal panel manufacturers manufacture LSIs themselves, sales of P2ROMs fell due to a delay in development of new products, and sales of other products also fell due to market deterioration. In addition, sales were affected by the yen’s appreciation against the dollar. As a result, sales to third parties were ¥54.1 billion. Operating loss was ¥5.1 billion due to this decrease in sales.

(Translation)

(2) Capital expenditure

Capital expenditures for the fiscal year equaled ¥15.9 billion.

Investment amounts by segment were as follows.

(Unit: billions of yen)

Segment	Amount of capital expenditure	Major investments
Info-telecom systems	4.1	ATM products and cash management terminals for financial and retail store markets; investments in research, development and production of new products for network service and network infrastructure businesses
Printers	3.7	Investments in R&D, development and production activities relating to business-use printers
Others	2.5	
Sub-total	10.3	
Semiconductors	5.6	Investments in R&D, development and production of new products, including logic LSIs, system LSIs and system memories, etc.
Total	15.9	

Note: The Company spun off its semiconductor business and transferred the business to a newly established company, Oki Semiconductor Co., Ltd. The amount of capital expenditure in the semiconductors segment is the amount recorded before 95% of the issued shares of the newly established company was transferred to ROHM Co., Ltd.

In addition, as a result of this share transfer, the facilities for the semiconductor business of the Company and consolidated subsidiaries transferred to the newly established company are no longer major facilities of the OKI Group. The major facilities are as follows:

(As of September 30, 2008)

Classification	Name of business place	Details of facilities	Book value (billion yen)
Company	Hachioji District, Technology and Production Division	Development and production facilities	15.4
	Miyazaki Plant	Production facilities	14.2
	Miyagi Plant	Production facilities	21.2
Domestic subsidiary	Miyazaki Oki Electric Co., Ltd., Headquarters Plant	Production facilities	1.2
Overseas subsidiary	Oki (Thailand) Co., Ltd., Headquarters Plant	Production facilities	4.0

(3) Financing

Funds required for the term under review were obtained from our own funds and borrowed funds.

Borrowing funds are mainly long-term borrowings, which are used for the scheduled repayment of long-term borrowings and the redemption of corporate bonds.

(4) Transfer of business, spin-off

(i) After spinning off its semiconductor business and establishing Oki Semiconductor Co., Ltd. as of October 1, 2008, the Company transferred 95% of the issued shares of Oki Semiconductor to ROHM Co., Ltd.

(ii) The Company spun off its telecom division related to the next-generation networks “NGN” and corporate networks, to make it independent of the Company as of October 1, 2008, and established Oki Networks Co., Ltd.

(Translation)

(5) Future challenges

(i) Business conditions affecting the OKI Group are continuing to change more quickly and dramatically than anticipated because of accelerated globalization, saturation of the domestic market, and increasingly common customer demand for investment efficiency. Under these conditions, the Group aims to be a key player of the "e-society" in which ubiquitous service is rapidly spreading and to pursue profit increases and growth as a company with stable profits. Therefore, we adhere to three policies in the measures for "Revamp Business Structure," each of which have been formulated to reestablish profitability and to take measures without fail. In this section, we would like to show again the three policies of these measures.

i. Accelerate business selection and concentration

The Group will classify the businesses into the following three business categories in accordance with the business evaluation standards, such as sales, operating income, market growth rate, share, synergy, and differentiation factors in order to accelerate the selection and concentration of businesses. For focus businesses, the Group will actively devote resources toward further increases in sales and will also create new businesses. For stable earnings businesses, the Group will maintain and increase stable earnings by promoting efficiency. For businesses becoming profitable, the Group will aim to thoroughly make the business profitable while also considering consolidating, spinning-off, and selling businesses which are not expected to be profitable.

ii. Revamp towards a more efficient management style

To establish an effective group operating structure which is capable of coping with rapid changes in the business environment, the Group will accelerate a thorough reduction of fixed costs and consolidation and abolishment of group companies. To thoroughly reduce fixed costs, we will reduce costs to third parties, streamline clerical sections such as corporate sections, and consolidate and abolish bases. To consolidate and abolish group companies, we will review profitability and create new businesses and comprehensive service businesses by way of consolidation.

iii. Develop strong businesses with strong products

The OKI Group will focus on the info-telecom and mechatronic businesses, the main products of which are ATMs and printers. Consequently, we will reexamine the Group's resources (personnel, goods, businesses, technologies, products, etc.), and combine, integrate, and harmonize these resources by focusing on their effective use, and form alliances with global partners, with the goal of reestablishing differentiated competitiveness that only OKI can achieve.

(ii) Management strategies by business segment are as follows:

i. Info-Telecom Systems

(Translation)

In the info-telecom system segment, we will adapt ourselves to the era of NGNs which is essential to the provision of Ubiquitous Service and focus on the expansion of business based on info-telecom technology and which has the advantages of mechatronics.

In the telecommunications market, we will aim to maintain and increase the revenue of the legacy network, about which we have a wealth of know-how, and also actively expand business opportunities for network migration using such know-how. Further, we will focus on and expand business in the three edge domains in network services – the enterprise edge, consumer edge, and carrier edge domains – in which investment is expected to be made to promote the use of NGN, enabling OKI to take advantage of its strength.

In the financial market, we will try not only to increase the earning capacity of hardware, which includes the acceleration of global development of mechatronic business including ATMs by promoting alliances and enhancement of financial online system business, but also enhance the services business, which includes ATM monitoring service and life cycle management.

Further, for public offices, local governments, and general companies, we will try to reestablish an effective business structure which has strong access to the market based on the fusion of information and telecommunication, and mechatronics. In the future, we will enhance the development of energy-saving related technology and focus on the creation of solutions for environment, safety, and providing peace of mind.

ii. Printers

In the printer segment, we will continue to focus on monochrome and color printers and complex machines which utilize the LED light source method with its considerable advantages over the laser method in terms of size, speed, and resolution. Moreover, with respect to sales, we will try to enhance OKI's strong areas, which are not easily influenced by market forces. First, in the domestic market, we will try to strengthen our alliance with major distributors with a focus on a new brand for the office market called COREFIDO, for which we provide a five-year warranty without compensation. In the global market, we will actively advance the expansion of business mainly in the vertical market by taking advantage of the characteristics of LED printers in addition to the SMB (Small and Medium Business) market, which will gain in importance in the future. Further, as a supplier of full-line office printers for office use, we will realize a combined sale of balanced product models including low-end to high-end printers and multi-function machines and endeavor to increase earnings.

In the dot impact printer business, we will advance further cost reduction and also actively develop our business in emerging markets by releasing low-end printers to increase stable earnings.

(Translation)

(6) Trends in assets and profit/loss

Trends in assets and profit/loss for the fiscal year under review and the past three years are as follows.

	82nd year (FY2005)	83rd year (FY2006)	84th year (FY2007)	85th year (current year, FY2008)
Sales	680.5 billion yen	718.8 billion yen	719.7 billion yen	545.7 billion yen
Net income	5,058 million yen	(36,446) million yen	567 million yen	(45,011) million yen
Net income per share	8.27 yen	(56.27) yen	0.83 yen	(65.90) yen
Total assets	618.9 billion yen	628.4 billion yen	570.8 billion yen	397.0 billion yen
Net assets	133.9 billion yen	116.0 billion yen	101.4 billion yen	58.7 billion yen
Net assets per share	218.96 yen	160.13 yen	138.55 yen	75.64 yen

Notes:

1. Parentheses indicate losses.
2. Net income per share is computed based on the average number of shares during the year (weighted average). Net assets per share are computed based on the number of shares of common stock outstanding during the year. These figures exclude treasury stocks.
3. Beginning in the 83rd year, the Company adopted “Accounting Standards for Presentation of Net Assets in Balance Sheets” (Corporate Accounting Standards No. 5, December 9, 2005) and “Guidelines for the Application of Accounting Standards for Presentation of Net Assets in Balance Sheets” (Guidelines for the Application of Corporate Accounting Standards No. 8, December 9, 2005).
4. Assets and sales significantly decreased in the 85th year mainly because the sales of the semiconductor business have not been recorded since the third quarter of the current consolidated fiscal year as a result of the transfer of said business.

(7) Status of major subsidiaries

(i) Status of major subsidiaries

Name	Capital	Company’s voting right ratio	Major business
Oki Wintech Co., Ltd.	2,001 million yen	53%	Design and electronic works and electronic telecommunications works
Oki Data Corporation	17,000 million yen	100	Manufacturing and sales of printers
Oki Customer Adtech Co., Ltd.	2,050 million yen	100	Maintenance, construction and sales of information processing equipment and telecommunications equipment
Oki Networks Co., Ltd.	490 million yen	100	Marketing in the telecommunications business field and planning, development, and sale of products
Oki Data America, Inc.	10 million U.S. dollars	100*	Sales of printers
Oki Europe Ltd.	33 million pound sterling	100	Sales of printers
Oki Electric Industry (Shenzhen) Co., Ltd.	50 million Renminbi	100*	Manufacturing of information processing equipment and printers

Notes:

1. Figures marked with an asterisk (*) indicate the ratio of voting rights held by subsidiaries of the Company.
2. The number of subsidiaries of the Company decreased by 20 as a result of transfer of semiconductor business. Major subsidiaries counted in the number of decreased subsidiaries are as follows: Miyagi Oki Electric Co., Ltd., Miyazaki Oki Electric Co., Ltd., Oki (Thailand) Co., Ltd., and Oki America, Inc.
3. Oki-Kansai Service Co., Ltd. and other eight companies which were the consolidated subsidiaries of the Company ceased to exist as a result of the merger with Oki Customer Adtech Co., Ltd., a consolidated subsidiary of the Company, on December 1, 2008.

(ii) Major partners

(Translation)

- Major technical partners:
  Alcatel-Lucent (US)
  International Business Machines Corporation (US)
  Canon Inc.
- Major business partners:
  Hewlett-Packard Company (US)
  Cisco Systems G.K.
  ACCESS Co., Ltd.

(8) Major businesses

The OKI Group offers as its core businesses info-telecom systems/devices, semiconductors, and printers as well as related solutions and services.

Major business items include the following.

Segment	Business items
Info-telecom systems	Financial systems, automation equipment systems, ITS-related systems, electronic government-related systems, ERP systems, computer network-related equipments, informational network terminal equipments, security systems, IP telephony systems, corporate telecommunications systems, CTI systems, image delivery systems, electronic switching equipment, digital transmission equipment, optical communication equipment, radio communication equipment, broadband access equipment, network service, network operational support service, etc.
Printers	Color printers, monochrome printers, dot impact printers, multi-purpose printers, etc.

(9) Major offices

Our major offices are as follows.

Name	Classification	Location
Oki Electric Industry Co., Ltd.	Head office	Minato-ku, Tokyo
	Branch offices	Hokkaido region (Sapporo, Hokkaido), Tohoku region (Sendai, Miyagi), Chubu region (Nagoya, Aichi), Kansai region (Osaka, Osaka), Chugoku region (Hiroshima, Hiroshima), Shikoku region (Takamatsu, Kagawa), and Kyushu region (Fukuoka, Fukuoka)
	Business offices	Minato-ku (Tokyo), Warabi (Saitama), Honjo (Saitama), Takasaki (Gunma), and Numazu (Shizuoka)
	Research institutes	Hachioji (Tokyo), Warabi (Saitama) and Osaka (Osaka)
Oki Wintech Co., Ltd.	Head office	Shinagawa-ku, Tokyo
Oki Data Corporation	Head office	Minato-ku, Tokyo
Oki Customer Adtech Co., Ltd.	Head office	Koto-ku, Tokyo
Oki Networks Co., Ltd.	Head office	Minato-ku, Tokyo
Oki Data America, Inc.	Head office	New Jersey, USA
Oki Europe Ltd.	Head office	Middlesex, UK
Oki Electric Industry (Shenzhen) Co., Ltd.	Head office	Guangdong, China

(Translation)

(10) Employees

(i) Employees of the OKI Group

Segment	Number of employees
Info-telecom systems	10,103
Printers	5,782
Other	1,158
Company-wide (shared)	372
Total	17,415

Note: The number of employees decreased by 5,225 from the end of the previous consolidated fiscal year mainly because of the transfer of the semiconductor business.

(ii) Employees of Oki Electric Industry

Number of employees	Average age	Average length of service
3,182 (decreased by 2,131 from the end of the previous year)	41.2	19.0

Note: The number of employees decreased by 2,131 from the previous consolidated fiscal year mainly because of the transfer of the semiconductor business and the establishment of Oki Networks Co., Ltd.

(11) Major creditors

Major creditors of the OKI Group are as follows:

Creditor	Loan balance
	Billion yen
Mizuho Corporate Bank, Ltd.	37.6
Sumitomo Mitsui Banking Corporation	26.8
Mizuho Trust & Banking Co., Ltd.	11.6
Development Bank of Japan Inc.	11.0
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10.2

(12) Other significant events of the OKI Group

The Company relocated its head office to 3-16-11 Nishi-shinbashi, Minato-ku, Tokyo as of August 11, 2008.

(Translation)

2. Shareholders' Equity

(1) Number of shares authorized to be issued by the Company:
2,400,000 thousand shares

(2) Number of outstanding shares:
684,256 thousand shares (including 1,295 thousand shares of treasury stock)

(3) Number of shareholders: 112,673

(4) Shareholders holding 10% or more of outstanding shares (excluding treasury stock):
None

(5) Major shareholders (Top 10):

Name of shareholder	Number of shares held (thousand shares)
Meiji Yasuda Life Insurance Company	34,000
Japan Trustee Services Bank, Ltd. (trust account 4G)	28,124
Japan Trustee Services Bank, Ltd. (trust account)	20,112
Japan Trustee Services Bank, Ltd. (trust account 4)	16,862
The Master Trust Bank of Japan, Ltd. (trust account)	15,517
Oki Denki Group Employees' Shareholdings Committee	13,125
Mizuho Corporate Bank, Ltd.	13,000
Sompo Japan Insurance Inc.	12,986
The Dai-ichi Mutual Life Insurance Company	9,380
Nippon Life Insurance Company	4,531

(Translation)

3. Equity Warrants

(1) Equity warrants granted to the Company's officers as consideration for their performance of duties

(i) Number of equity warrants

1,029

(ii) Type and number of shares subject to equity warrants

1,029,000 shares of the Company's common stock (1,000 shares per equity warrant)

(iii) Status of equity warrants held by the Company's officers

	Issued Number	Exercise period	Number of equity warrants	Number of holders
Directors (excluding outside directors)	No. 2 equity warrant (354 yen) (Issued on July 18, 2003)	July 1, 2005 to June 26, 2013	260	8
	No. 3 equity warrant (458 yen) (Issued on July 20, 2004)	July 1, 2006 to June 28, 2014	166	9
	No. 4 equity warrant (406 yen) (Issued on July 20, 2005)	July 1, 2007 to June 28, 2015	175	9
	No. 5 equity warrant (277 yen) (Issued on July 28, 2006)	July 1, 2008 to June 28, 2016	102	5
	No. 6 equity warrant (277 yen) (Issued on July 28, 2006)	July 1, 2008 to June 28, 2016	40	4
	No. 7 equity warrant (248 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	235	7
	No. 8 equity warrant (248 yen) (Issued on July 27, 2007)	July 1, 2009 to June 25, 2017	33	2
Auditors	No. 3 equity warrant (458 yen) (Issued on July 20, 2004)	July 1, 2006 to June 28, 2014	10	1
	No. 4 equity warrant (406 yen) (Issued on July 20, 2005)	July 1, 2007 to June 28, 2015	8	1

(2) Equity warrants issued to employees in consideration of performance during the fiscal year under review

The Company did not issue equity warrants in the fiscal year under review.

(3) Other significant matters concerning equity warrants

Status of convertible bonds with equity warrants

	No. 32 equity warrants attached to convertible bonds without warranty (issued on June 7, 2006)
Date of resolution for issuance	May 23, 2006
Number of equity warrants	24
Type and number of shares to be acquired by rights	Common stock: 41,237,113 shares
Issue price of the rights	Granted free of charge
Exercise period	June 8, 2006 to June 6, 2011
Exercise price	¥291 (Note)
Balance of bonds with equity warrants	¥12 billion

Note: The conversion price will be revised after the trading day following the fourth Friday of March, June, September and December (hereinafter the "determination date") to an amount equivalent to 93% of the average closing price of our common stock in ordinary trading on the Tokyo Stock Exchange for the successive five trading days up to the determination date. The revised conversion price shall not be below ¥291.

(Translation)

4. Corporate Officers

(1) Names, etc. of Directors and corporate auditors

Note 1	Position	Name	Status or main duties
* X	President	Katsumasa Shinozuka	CEO
* X	Director and Vice President	Naoki Sato	CFO Operation supervision In charge of Management Planning Division, Group Administration Division and General Affairs Division
X	Senior Vice President	Hideichi Kawasaki	In charge of Financial Business Division In charge of Public Relations Division
X	Senior Vice President	Keiichi Fukumura	CCO In charge of CSR Division, Accounting & Control Division and Internal Auditing Division President & CEO, Oki Development Co., Ltd.
X	Senior Vice President	Masayoshi Matsushita	CIO; in charge of telecommunications business In charge of Information Planning Division, Systems Platform Center, and Business Support Center
X	Senior Vice President	Masao Miyashita	In charge of information systems business In charge of Sales & Marketing Administration Division
X	Senior Vice President	Yutaka Asai	CTO; in charge of system equipment business In charge of Research & Development Center
	Director	Harushige Sugimoto	President & CEO, Oki Data Corporation
	Director	Hironori Kitabayashi	President & CEO, Oki Engineering Co., Ltd.
	Director	Minoru Morio	
Standing Auditor		Takahisa Inagawa	
Standing Auditor		Yoshikatsu Shiraishi	
Standing Auditor		Noriyuki Kandori	
Auditor		Seiji Nishi	

CEO: Chief Executive Officer
CFO: Chief Financial Officer
CCO: Chief Compliance Officer
CIO: Chief Information Officer
CTO: Chief Technology Officer

Notes:

1. Asterisk indicates Representative Director. X indicates executive officer.
2. Director Minoru Morio is an outside director.
3. Standing Auditors Noriyuki Kandori and Seiji Nishi are outside auditors.
4. Changes of Representative Directors after the fiscal year
   In accordance with a resolution of the Board of Directors meeting held on March 11, 2009, Hideichi Kawasaki was appointed as Representative Director and Vice President on April 1, 2009.
5. Executive officers as of March 31, 2009 are as follows (excluding those who concurrently serve as Directors).

Position	Name	Principal duty
Senior Executive officer	Masasuke Kishi	In charge of telecommunications business (Oki Networks)
Executive officer	Kazuhiro Iritani	Head, Kansai Branch
Executive officer	Hideto Morizono	In charge of Info-Telecom Plant
Executive officer	Sei Yano	Manager, Management Planning Division
Executive officer	Hidetoshi Saigo	Manager, Carriers Business Division
Executive officer	Takao Hiramoto	Manager, System Equipment Business Division
Executive officer	Hisao Suzuki	Manager, Enterprise Business Division
Executive officer	Hideichi Kawano	Manager, CSR
Executive officer	Yasunori Shibata	Manager, Financial Systems Business Division
Executive officer	Toshiya Hatakeyama	Manager, Accounting & Control Division
Executive officer	Masahiko Morioka	Manager, Sales & Marketing Administration Division
Executive officer	Kazunari Kobayashi	In charge of personnel affairs; Manager, Human Resources Division

(Translation)

(2) Compensation paid to Directors and Corporate Auditors

Title	Number of persons	Amount of payment
Directors	12	¥259 million
Corporate Auditors	6	¥66 million
Total	18	¥326 million

Notes:

1. The amounts of compensation approved by the 82nd Ordinary General Meeting of Shareholders held on June 29, 2006 are within ¥600 million per year for Directors and ¥100 million per year for Corporate Auditors. The amount of compensation for Directors excludes employee wages for Directors who are also employees.
2. The number of Directors and Corporate Auditors as of the end of the fiscal year under review is different because they include those who resigned at the conclusion of the 84th Ordinary General Meeting of Shareholders held on June 27, 2008.

(3) Outside Directors and Corporate Auditors

(i) Major activities in the fiscal year under review

(a) Attendance at meetings of the Board of Directors and Board of Corporate Auditors

	Board of Directors meeting (number of meetings in parenthesis)		Board of Corporate Auditors meeting (number of meetings in parenthesis)	
	Attendance frequency	Attendance rate	Attendance frequency	Attendance rate
Minoru Morio, Director	16 (16)	100%	-	-
Noriyuki Kandori, Corporate Auditor	13 (13)	100%	12 (12)	100%
Seiji Nishi, Corporate Auditor	13 (13)	100%	12 (12)	100%

Note: Frequency of meetings with respect to Mr. Noriyuki Kandori, Corporate Auditor, and Mr. Seiji Nishi, Corporate Auditor, indicates the frequency of meetings after their assumption of office in June 2008.

(b) Major activities

a. Minoru Morio, Director

Making statements mainly based on extensive experience in the electronics industry, he provided advice and proposals for the Board of Directors to secure the soundness and appropriateness of decision-making.

b. Noriyuki Kandori, Corporate Auditor

With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. As Standing Outside Corporate Auditor, he made efforts to formulate appropriate audit opinions for the Company by attending important meetings, inspecting important approval documents, conducting on-site audits of major sections, and cooperating with in-house audit sections.

c. Seiji Nishi, Corporate Auditor

With regard to deliberations of the Board of Directors, he determined the correctness of Directors' managerial decisions. Using extensive experience and knowledge as a Director at other companies over many years, he made efforts to formulate the Company's appropriate audit opinions by making proper statements and implementing, when necessary, adequate activities concerning performances of the Board of Corporate Auditors.

(ii) Total amount of compensation, etc.

¥34 million (for the five individuals)

Note: The number of Directors and Corporate Auditors as of the end of the fiscal year under review is different because they include those who resigned at the conclusion of the 84th Ordinary General Meeting of Shareholders held on June 27, 2008.

(Translation)

5. Status of Accounting Auditor

(1) Name: Ernst & Young ShinNihon LLC

Note: Ernst & Young ShinNihon changed its corporate name as of July 1, 2008, following the change in types of accounting auditor.

(2) Compensation, etc.

	Amount of payment
1. Compensation, to be paid to the accounting auditor for the fiscal year under review	119 million yen
2. Total sum of cash and profits on other assets that the Company and its subsidiaries should pay to the accounting auditor	200 million yen

Notes:

1. The Company does not distinguish between auditor compensation regarding (i) auditing in accordance with the Company Law, and (ii) auditing in accordance with the Financial Instruments and Exchange Law. The total of these amounts is recorded above.
2. Among major subsidiaries, Oki Europe Ltd. and Oki Electric Industry (Shenzhen) Co., Ltd. have undergone statutory audits by accounting auditors other than the accounting auditor of the Company.

(3) Contents of non-audit services

The Company has also hired the accounting auditor for “internal management project advice,” which is a service other than the audits provided in Article 2, Paragraph 1 of the Certified Public Accountants Law, and pays the auditor compensation for that service.

(4) Policy regarding decision to dismiss or not reappoint the accounting auditor

The Board of Corporate Auditors will dismiss the accounting auditor if the auditor falls under provisions of Article 340 of the Company Law. In addition, if it is deemed unlikely that the accounting auditor will be able to perform audits properly, the Company, upon the consent or request of the Board of Corporate Auditors, the Board of Directors will discuss whether to submit a proposal to the general meeting of shareholders for dismissal or non-reappointment of the accounting auditor.

6. Policies and procedures of the Company

System to ensure that Directors in the conduct of their business comply with applicable laws, regulations and the Articles of Incorporation, as well as other procedures of the Company, in order to assure the appropriateness of the Company’s operations

(1) Procedures to ensure that Directors and employees comply with applicable laws, regulations and the Articles of Incorporation in conducting their business

(i) As the foundation for ensuring compliance, the Company has established the “OKI Group Charter of Corporate Conduct” and “OKI Group Code of Conduct.”

(ii) The Company has established a Compliance Committee chaired by the CCO (chief compliance officer) to decide on and examine basic policies regarding compliance programs.

(iii) In accordance with the basic policies formulated by the Compliance Committee, the division responsible for compliance plans, draws up, and promotes specific measures such as education and training for Directors and employees. In education and training, we aim to raise employee awareness about compliance by utilizing means such as e-learning.

(iv) The Company provides rules on public-interest disclosure and provides a contact point for reporting and consultation, aiming to detect any misconduct at its earliest stages.

(v) The Company stands firmly against antisocial groups that threaten the order and safety of civil society in cooperation with the police and related organizations, and refuses to have any relationship with them as a whole.

(2) Procedures to retain and manage information relating to Directors' conduct of business

The Company retains and stores information relating to the conduct of business by Directors as appropriate in accordance with applicable laws, regulations and internal rules.

(3) Rules concerning risk management and other procedures

(i) Pursuant to risk management rules, each section of the Company manages risks that may occur in relation to its main duties. At the same time, the Company has established a supervisory section to deal with risks needing company-wide management. This section assesses risks, draws up policies for risk countermeasures and develops appropriate structures based on such policies.

(ii) If any risk occurs, the Company will set up an emergency countermeasure headquarters to handle the risk.

(4) Procedures to secure efficient business performance by Directors

(i) The Company holds regular meetings of the Board of Directors once a month to decide important matters and supervise the work of Directors.

(ii) The Company holds management meetings, in which executive officers, such as managing directors and other high-ranking officers participate, to provide for flexible decision making on fundamental and significant matters in managing the business.

(iii) The Company assigns Directors responsibilities and authority pursuant to rules on division of duties and authorities.

(5) Procedures to secure appropriate Group (Company and subsidiaries) operations

(i) To ensure that Group companies run their operations properly, the Company has established the "OKI Group Charter of Corporate Conduct" which sets out the values for the entire Group. In addition, the Company has established the "OKI Group Code of Conduct" as the code of conduct which all officers and employees of Group companies should comply with, and is striving to make the code known to all of them.

(ii) The division responsible for compliance implements various measures for promoting compliance common to the Group through each Group company's compliance officer. The Division also determines, through regular monitoring, the implementation status of such measures by each Group company and reports to the Compliance Committee on the results.

(iii) The Company, in accordance with Group management rules, determines the status of each Group company’s management activities and provides advice and guidance.

(iv) To secure the reliability of financial reporting, the Company and Group companies establish an internal control system for financial reporting in accordance with related laws and regulations, and strive to maintain and improve that system.

(6) Procedures for employees who assist Corporate Auditors; independence of employees from Directors

(i) The Company assigns employees, who are not subject to Directors’ instructions and orders, as staff to assist Corporate Auditors.

(ii) Any change in such staffing requires the prior consent of the Board of Corporate Auditors.

(7) Procedures for Directors and employees to report to Corporate Auditors; procedures for Corporate Auditors to receive other reports

(i) If Directors discover anything that may cause significant damage to the Company, they are required to report the matter immediately to the Corporate Auditors pursuant to applicable laws and regulations.

(ii) Standing Corporate Auditors attend meetings of the Board of Directors and management meetings in order to understand important decision-making processes and the status of business operations, as well as to inspect important documentation.

(iii) Directors receive reports on the status of establishing internal control systems and their operations from Directors and employees on a regular basis, and may request Directors and employees to report on matters deemed necessary.

(8) Other procedures to secure effective audits by Corporate Auditors

(i) In conducting inspections on the Company’s operations and assets and performing other audit duties, Corporate Auditors shall conduct audits efficiently and effectively in close cooperation with the internal audit section.

(ii) Corporate Auditors implement efficient audits by closely cooperating with the accounting auditor. To this end, Corporate Auditors hold meetings with the accounting auditor on a regular basis, attend on-site audits by the accounting auditor, and request reports from the accounting auditor on the progress of audits when necessary.

Note: indication of amounts

Figures in this business report are indicated as follows.

1. Units of ¥1 million: Figures less than one unit are disregarded.
2. Units of ¥100 million: Figures less than one unit are rounded to the nearest unit.

(Translation)

Consolidated Balance Sheet

(as of March 31, 2009)

(Unit: millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets		Current liabilities	
Cash and deposits	61,706	Notes and accounts payable	52,466
Notes and accounts receivable	117,705	Short-term borrowings	109,161
Finished goods	28,110	Other accrued expenses	23,379
Work in process	26,930	Others	20,957
Raw materials and supplies	25,213	Total current liabilities	205,965
Others	16,864		
Allowance for doubtful receivables	(1,284)	Long-term liabilities	
Total current assets	275,247	Bonds	12,000
Fixed assets		Long-term borrowings	82,605
Property, plant and equipment		Retirement benefits	34,526
Buildings and structures	24,729	Provision for Directors' retirement benefits	636
Machinery, equipment and delivery equipment	10,779	Others	2,545
Tool, furniture and fixtures	12,104	Total long-term liabilities	132,313
Land	12,770	Total liabilities	338,279
Construction in progress	786		
Total property, plant and equipment	61,170	(Net Assets)	
Intangible assets	12,315	Shareholders' equity	
Investments and other assets		Common stock	76,940
Investments in securities	34,134	Additional paid-in capital	46,744
Long-term loans	1,936	Retained earnings	(67,153)
Others	15,658	Treasury stock	(362)
Allowance for doubtful receivables	(3,500)	Total shareholders' equity	56,168
Total investments and other assets	48,229	Valuation, translation adjustments and others	
Total fixed assets	121,716	Net unrealized holding gain on other securities	(593)
		Loss on deferred hedges	(467)
		Translation adjustments	(3,450)
		Total valuation, translation adjustments and others	(4,511)
		Equity warrants	79
		Minority interests in consolidated subsidiaries	6,948
		Total Net Assets	58,683
Total assets	396,963	Total liabilities and net assets	396,963

(Translation)

Consolidated Statement of Operations

(From April 1, 2008 to March 31, 2009)

(Unit: millions of yen)

Account title	Amount	
Net sales		545,680
Cost of sales		410,658
Gross profit		135,021
Selling, general and administrative expenses		134,611
Operating income		410
Non-operating income		
Interest income	411	
Dividend income	860	
Corporate brand royalty income	355	
Other	1,317	2,945
Non-operating expenses		
Interest expense	6,098	
Other	3,446	9,544
Ordinary loss		6,189
Extraordinary profit		
Gain on sales of investments in securities	509	
Compensation for transfer	455	965
Extraordinary loss		
Loss on sale and disposition of property, plant and equipment	1,756	
Write-downs of investment in securities	801	
Provision of allowance for doubtful receivables	654	
Loss on natural disaster	1,610	
Special retirement payments	2,936	
Loss on devaluation of inventories	10,609	
Expenses for business restructuring	574	
Loss on transfer of business and other	5,217	
Loss on recycling of foreign currency translation adjustments	7,361	31,523
Net loss before taxes		36,748
Income taxes	2,366	
Income taxes deferred	5,410	7,776
Minority Interest		487
Net loss		45,011

(Translation)

Consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2008 to March 31, 2009)

(Unit: Millions of yen)

Shareholders' equity	
Common stock	
Balance as of March 31, 2008	76,940
Changes during the term under review	
Net changes during the term under review	-
Balance as of March 31, 2009	76,940
Additional paid-in capital	
Balance as of March 31, 2008	46,744
Changes during the term under review	
Net changes during the term under review	-
Balance as of March 31, 2009	46,744
Retained earnings	
Balance as of March 31, 2008	(20,991)
Decrease due to change in accounting method of foreign subsidiaries	(1,042)
Changes during the term under review	
Net loss	(45,011)
Change in scope of consolidation	(108)
Net changes during the term under review	(45,120)
Balance as of March 31, 2009	(67,153)
Treasury stock	
Balance as of March 31, 2008	(344)
Changes during the term under review	
Purchases of treasury stock	(17)
Net changes during the term under review	(17)
Balance as of March 31, 2009	(362)
Total shareholders' equity	
Balance as of March 31, 2008	102,348
Decrease due to change in accounting method of foreign subsidiaries	(1,042)
Changes during the term under review	
Net loss	(45,011)
Purchases of treasury stock	(17)
Change in scope of consolidation	(108)
Net changes during the term under review	(45,137)
Balance as of March 31, 2009	56,168
Valuation, translation adjustments and others	
Net unrealized holding gain on other securities	695
Balance as of March 31, 2008	
Changes during the term under review	
Changes in items other than shareholders' equity during the term under review (net)	(1,289)
Net changes during the term under review	(1,289)
Balance as of March 31, 2009	(593)

(Translation)

Loss on deferred hedges	
Balance as of March 31, 2008	(271)
Changes during the term under review	
Changes in items other than shareholders' equity during the term under review (net)	(196)
Net changes during the term under review	(196)
Balance as of March 31, 2009	(467)
Translation adjustments	
Balance as of March 31, 2008	(8,132)
Changes during the term under review	
Changes in items other than shareholders' equity during the term under review (net)	4,682
Net changes during the term under review	4,682
Balance as of March 31, 2009	(3,450)
Total valuation, translation adjustments and others	
Balance as of March 31, 2008	(7,708)
Changes during the term under review	
Changes in items other than shareholders' equity during the term under review (net)	3,196
Net changes during the term under review	3,196
Balance as of March 31, 2009	(4,511)
Equity warrants	
Balance as of March 31, 2008	79
Changes during the term under review	
Net changes during the term under review	-
Balance as of March 31, 2009	79
Minority interests	
Balance as of March 31, 2008	6,656
Changes during the term under review	
Changes in items other than shareholders' equity during the term under review (net)	291
Net changes during the term under review	291
Balance as of March 31, 2009	6,948
Total Net Assets	
Balance as of March 31, 2008	101,376
Decrease due to change in accounting method of foreign subsidiaries	(1,042)
Changes during the term under review	
Net loss	(45,011)
Purchases of treasury stock	(17)
Change in scope of consolidation	(108)
Changes in items other than shareholders' equity during the term under review (net)	3,488
Net changes during the term under review	(41,649)
Balance as of March 31, 2009	58,683

(Translation)

Notes to Consolidated Financial Statements

Principles for Preparing Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 75 companies

Names of major consolidated subsidiaries:

Oki Data Corporation; Oki Customer Adtech Co., Ltd.; Oki Wintech Co., Ltd.; Oki Software Co., Ltd.; Oki Networks Co., Ltd.; Oki Data Americas, Inc.; Oki Data Manufacturing (Thailand) Co., Ltd.; Oki Europe Ltd.; Oki Electric Industry (Shenzhen) Co., Ltd.

(2) Names of major non-consolidated subsidiaries:

Adachi Protechno Co., Ltd. and 23 other companies

Reasons for excluding from consolidation:

Total assets, retained earnings, net sales and net income or loss are individually and wholly immaterial and have no significant influence.

(3) Changes in scope of consolidation:

Oki Banking Systems (Shenzhen) Co., Ltd. and Oki Electric America, Inc. were included within the scope of consolidation as they were newly established; Payment First Corporation was included within the scope of consolidation because it became a subsidiary after the Company additionally acquired the shares of that company; and Oki Networks Co., Ltd. was included within the scope of consolidation because the Company spun off its telecommunications business and transferred the business to a newly established company. Further, Oki Semiconductor Technology Shanghai Co., Ltd. was excluded from the scope of consolidation because it was liquidated.

Moreover, the following companies were excluded from the scope of consolidation because in spinning off its semiconductor business and transferring the business to a newly established company, Oki Semiconductor Co., Ltd., the Company transferred 95% of the issued shares of the newly established company to ROHM Co., Ltd. after the Company caused the newly established company to succeed to the shares of the following companies held by the Company:

Oki Environment Technologies Inc.; Oki Technocollage, Inc.; Oki Microelectronics Co., Ltd.; Oki Network LSI Co., Ltd.; Oki Micro Design Co., Ltd.; Tama Oki Electric Co., Ltd.; Miyagi Oki Electric Co., Ltd.; Miyazaki Oki Electric Co., Ltd.; Oki America, Inc.; Oki Electric Europe GmbH; Oki Electronics (Hong Kong) Ltd.; Oki (France) Sarl; Oki Semiconductor Korea Co., Ltd.; Oki Semiconductor Singapore Pte. Ltd.; Oki Semiconductor Taiwan Inc.; Oki Semiconductor (UK) Ltd., Oki (Thailand) Co., Ltd.; and Oki Semiconductor Shanghai Co., Ltd.

In addition, the following companies ceased to exist because they were merged with Oki Customer Adtech Co., Ltd., a consolidated subsidiary of the Company:

Oki-Kansai Service Co., Ltd.; Oki Kanto Service Co., Ltd.; Oki Kitakanto Service Co., Ltd.; Oki Kyushu Service Co., Ltd.; Oki Shikoku Service Co., Ltd.; Oki Chugoku Service Co., Ltd.; Oki Chubu Service Co., Ltd.; Oki Tohoku Service Co., Ltd.; and Oki Hokkaido Service Co., Ltd.

2. Application of equity method

(1) Number of affiliated companies to which the equity method is applied: 3

Name of major company to which the equity method is applied:

Oki Electric Cable Co., Ltd.

(2) Names of major non-consolidated subsidiaries and affiliated companies to which the equity method is not applied:

Non-consolidated subsidiaries:

Adachi Protechno Co., Ltd. and 23 other companies

Affiliated companies: Alp Inc. and 12 other companies

Reason for not applying the equity method:

The companies individually have little influence and have no significance as a whole on net income or loss and retained earnings.

(3) Changes in scope of application of the equity method:

Banking Channel Solutions K.K. was included in the scope of application of the equity method because it was newly established.

Furthermore, Wipro Techno Centre (Singapore) Pte. Ltd. was excluded from the scope of application of the equity method because in spinning off its semiconductor business and transferring the business to a newly established company, Oki Semiconductor Co., Ltd., the Company transferred 95% of the issued shares of the newly established company to ROHM Co., Ltd. after the Company caused the newly established company to succeed to the shares of Wipro Techno Centre (Singapore) Pte. Ltd. held by the Company.

3. Matters concerning account settlement dates of consolidated subsidiaries

The account settlement date of the following consolidated subsidiaries is December 31 each year and different from the account settlement date of the consolidated statements. In preparing consolidated financial statements, the financial statements of these subsidiaries as of their account settlement date are used:

Oki Banking Systems (Shenzhen) Co., Ltd.; Oki Electric Industry (Shenzhen) Co., Ltd.; Oki Telecommunications Technology (Changzhou) Co., Ltd.; Oki Software Technology Co., Ltd.; Oki Electric Technology (Kunshan) Co., Ltd.; Oki Data Dalian Co., Ltd.; Oki Trading (Beijing) Co., Ltd.

Changzhou Oki-GEG Telecoms Ltd. changed its corporate name to Oki Telecommunications Technology (Changzhou) Co., Ltd.

4. Accounting standards

(1) Valuation standards and methods for significant assets

(Translation)

(i) Negotiable securities

The Company and its domestic consolidated subsidiaries value securities in accordance with how they are held as indicated below. Overseas consolidated subsidiaries apply the lower of cost or market value.

Other negotiable securities:

Marketable securities:

Stated at fair value based on the market price at the end of the fiscal year

(Any difference between book value and market value is included in net assets; sales costs are calculated by the moving average method).

Non-marketable securities:

Stated at cost based on the moving average method

(ii) Inventories

The Company and its domestic consolidated subsidiaries evaluate inventories as follows, and overseas consolidated subsidiaries primarily apply the lower of cost or market value.

Finished goods:

Principally stated at cost based on the moving average method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Work in progress:

Principally stated at cost based on the specific identification method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

Materials and supplies:

Principally stated at cost based on the last purchase price method. (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

(Change in method of accounting)

Effective the year ended March 31, 2009, the Company adopted the “Accounting Standards for Measurement of Inventories” (Corporate Accounting Standards No. 9; July 5, 2006).

Moreover, considering these Accounting Standards were applied to the valuation of inventory at the beginning of the period, the change in valuation of inventories at the beginning of the period of ¥9,055 million was recorded as “loss on devaluation of inventories”, which was included in extraordinary loss.

Consequently, operating income decreased by ¥3,670 million, ordinary loss increased by ¥3,670 million and net loss before taxes increased by ¥12,726 million.

(iii) Derivatives

Stated at market value

(2) Depreciation and amortization

(Translation)

(i) Property, plant and equipment (excluding lease assets)

The Company and its domestic consolidated subsidiaries primarily apply the declining-balance method; overseas consolidated subsidiaries primarily apply the straight-line method.

(Additional information: Change of expected lifetime of tangible fixed assets)

The Company and some domestic consolidated subsidiaries revised (in most cases shortened) the expected economic lifetime of a part of the machinery upon revision of the Corporation Tax Act.

The effect of this on profit and loss is insignificant.

(ii) Intangible assets (excluding lease assets)

The Company and its domestic consolidated subsidiaries apply the straight-line method.

For software sold in the market, depreciation is based on the estimated amounts of sales in the estimated number of years for sales (three years). For software for internal use, the straight-line method, based on the estimated durable years (five years), is used.

Overseas consolidated subsidiaries primarily apply the straight-line method.

(iii) Lease assets

Lease assets relating to finance lease transactions that do not transfer ownership are depreciated over the lease contract's lifetime by the straight-line method, assuming the residual value is zero.

In addition, out of the finance lease transactions that do not transfer ownership, lease transactions whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

(3) Basis for provision of reserves

(i) Allowance for doubtful receivables

To prepare for any losses of accounts receivable and loans, the Company and its domestic consolidated subsidiaries calculate the amount of potential loss by using the historical loss ratio for non-classified loans/receivables and individual assessment for classified loans/receivables. Overseas consolidated subsidiaries calculate the amount of potential losses by individually assessing the possibility of collection for specific loans/receivables.

(ii) Retirement benefits

To prepare for payment of retirement benefits to employees, the Company and its consolidated subsidiaries register the amount recognized to accrue at the end of the fiscal year based on estimated values of retirement benefit obligations and pension assets.

Differences caused by changes in accounting standards are amortized over 15 years except for consolidated subsidiaries that amortize the difference in the first year of application and some overseas consolidated subsidiaries that directly deduct the difference from retained earnings.

Prior service costs are amortized by the straight-line method over a set number of years (14 years) within the average remaining years of service of employees.

Actuarial gains and losses are amortized by the straight line method over a set number of years (13 to 14 years) within the average remaining years of service of employees at the time of their accrual in each fiscal year. Amortization of such gains and losses is deemed to be effective from the year after the one in which they arise.

(iii) Provision for Directors' retirement

Some domestic consolidated subsidiaries register the necessary amount at the end of the year in accordance with internal rules to prepare for the payment of Directors' retirement allowance.

(4) Important hedge accounting methods

(i) Method of hedge accounting

Deferred hedging is applied. Allocation treatment is applied for forward exchange contracts eligible for allocation treatment. Special treatment is applied to interest rate swaps that meet requirements for special treatment.

(ii) Means of hedging and targets of hedging

Forward exchange contracts are used to hedge fluctuations of exchange rates on credits and debts in foreign currencies. Interest rate swaps are employed to hedge fluctuations of market interest rates on variable-rate short-term borrowings and long-term borrowings.

(iii) Policies on hedging

Derivative transactions are used to hedge fluctuations of market rates on credits and debts.

(iv) Assessment method of the effectiveness of hedges

To determine the effectiveness of hedges, the Company compares the cumulative total of market fluctuations or cash flow fluctuations for the targets of hedging and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

(5) Other important matters in preparation of consolidated financial statements

(i) Accounting processing of consumption tax

The tax-exclusion method is used for accounting of consumption tax and local consumption tax.

(ii) Application of consolidated tax payment

The consolidated tax payment is applied.

5. Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of consolidated subsidiaries are evaluated using the fair market value.

6. Amortization of goodwill and negative goodwill

Goodwill is evenly amortized over its useful life (mainly five years).

(Translation)

Changes in Principles for Preparing Consolidated Financial Statements

1. Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

The Company has applied the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Solution on Unification of Accounting Policies No. 18; May 17, 2006) and made amendments necessary for consolidated settlements of account.

The effect of this on profit and loss is insignificant.

2. Accounting standard for lease transactions

Finance lease transactions that do not transfer ownership by the Company or its domestic consolidated subsidiaries were accounted for on a basis similar to rental transactions, but they have been accounted for on a basis similar to ordinary sales transactions as we adopted the "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan Statement No. 13; June 17, 1993 (the Business Accounting Council of Japan First Division); revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan Guidance No. 16; January 18, 1994 (The Japanese Institute of Certified Public Accountants, Accounting System Committee); revised on March 30, 2007).

The effect of this on profit or loss is insignificant.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral	
Investment in securities:	¥7,374 million
Liabilities collateralized by the above assets:	
Short-term borrowings:	¥6,000 million
2. Accumulated depreciation on tangible fixed assets	¥164,360 million
3. Liabilities for guarantee	
Guarantee for borrowings by employees	¥1,197 million

(Translation)

Notes to Consolidated Statement of Changes in Shareholders' Equity

1. Type and number of outstanding shares as of the end of the fiscal year
   Common stock: 684,256 thousand shares
2. Number of shares to be issued upon exercise of equity warrants

Category	Breakdown of equity warrants	Type of shares to be issued upon exercise of equity warrants	Number of shares to be issued upon exercise of equity warrants (shares)
The Company	No. 2 Equity Warrants (issued on July 18, 2003)	Common stock	815,000
	No. 3 Equity Warrants (issued on July 20, 2004)	Common stock	452,000
	No. 4 Equity Warrants (issued on July 20, 2005)	Common stock	442,000
	No. 5 Equity Warrants (issued on July 28, 2006)	Common stock	185,000
	No. 6 Equity Warrants (issued on July 28, 2006)	Common stock	157,000

Notes to Per-share Information

1. Net assets per share: ¥75.64
2. Net loss per share: ¥65.90

Notes to Important Subsequent Events

Early redemption of zero coupon convertible bonds with stock acquisition rights

The Company resolved to make an early redemption of Oki Electric Industry Co., Ltd. 32nd zero coupon convertible bonds with stock acquisition rights at the meeting of the Board of Directors held on April 28, 2009.

1. Purpose of early redemption

The Company decided to redeem early the full amount of the bonds by taking the status of funds and other conditions of the Company into consideration in a comprehensive manner based on the current trends in share price level.

2. Type and description of bonds to be redeemed

Oki Electric Industry Co., Ltd. 32nd zero coupon convertible bonds with stock acquisition rights

3. Amount of early redemption

¥103 per face value of ¥100 (Outstanding balance is ¥12 billion).

4. Method of early redemption

Early redemption of full amount of outstanding balance upon exercise of call options

5. Date of redemption

(Translation)

June 5, 2009

6. Method of raising funds for redemption
   The Company plans to apply cash reserves.

7. Amount of interest expense expected to decrease due to decrease in number of bonds
   As no interest accrues on the bonds, the amount of interest expense is not affected.

Notes to Retirement Benefit

1. General description of retirement benefit plan adopted by the Company

The Company and its domestic consolidated subsidiaries have, as defined benefit plans, a noncontributory defined benefit corporate pension plan and lump-sum retirement payment plans. Certain overseas consolidated subsidiaries also have defined benefit and defined contribution pension plans. In addition, the Company has contributed certain securities to a pension trust in lump-sum retirement payment plans.

Furthermore, eligible employees, upon termination of their employment with the Group, may receive certain additional payments under the plans.

Further, the Company may pay extra retirement allowance upon retirement of employees or in other cases.

The Company and 31 domestic consolidated subsidiaries joined the OKI Pension Fund which was established on January 1, 2005.

2. Retirement benefit obligation (Unit: millions of yen)

	Fiscal 2008 (As of March 31, 2009)
a. Projected benefit obligation	(138,307)
b. Fair value plan assets	61,105
c. Funded status (a plus b)	(77,202)
d. Transition differences arising from initial adoption of new accounting standard for retirement benefits	21,591
e. Unrecognized actuarial loss	29,938
f. Unrecognized prior service cost (reduction of obligation)	(8,854)
g. Obligation recognized in the consolidated balance sheets(sum of c, d, e and f)	(34,526)
h. Prepaid pension cost	—
i. Allowance for retirement benefits (g minus h)	(34,526)

Notes:

1. Certain domestic consolidated subsidiaries have applied a simplified method in calculating the retirement benefit obligation.
2. “Plan assets” include the securities to a pension trust of ¥4,490 million.

(Translation)

3. Retirement benefit expenses (Unit: millions of yen)

	Fiscal 2008 (From April 1, 2008 to March 31, 2009)
a. Service cost	7,154
b. Interest cost on projected benefit obligation	3,203
c. Expected return on plan assets	(1,863)
d. Amortization of obligation at transition	3,992
e. Amortization of actuarial difference	2,617
f. Amortization of prior service cost	(973)
g. Net periodic pension cost (sum of a, b, c, d, e and f)	14,130

Notes:

1. The Company paid extra retirement allowances of ¥3,213 million in addition to the above net periodic pension cost and recorded them as "special retirement payments" and "expenses for business structural reform" in the extraordinary loss section.
2. Retirement benefits expenses of consolidated subsidiaries that use a simplified method are stated in "a. service cost".

Notes to Business Combination

Transactions under common control, etc.

1. Establishment of a subsidiary for semiconductor business by way of company split (Oki Semiconductor Co., Ltd.)

(1) Name of business subject to company split and details of the business, legal form of business combination, name of company after combination and general description of transaction including purpose of transaction

(i) Name of business subject to company split and details of the business

Name of business subject to company split: Semiconductor business of the Company

Details of the business: Manufacture and sale of system LSIs, Logic LSIs, Memory LSIs and devices for high-speed optical communications and foundry service

(ii) Legal form of business combination

Incorporation-type company split with separated business transferrable to a new entity where the Company is a company making a company split and Oki Semiconductor Co., Ltd. is a company newly established for company split.

(iii) Name of company after combination

Oki Semiconductor Co., Ltd.

(iv) General description of transaction including purpose of transaction

The Company caused Oki Semiconductor Co., Ltd. which was newly established by way of company split (*shinsetsu bunkatsu*) to succeed to the Company's rights and obligations concerning its semiconductor business (the "Semiconductor Business") on October 1, 2008. In addition, the Company transferred 95% of issued shares of Oki Semiconductor Co., Ltd. to ROHM Co., Ltd. ("ROHM").

The Company has been promoting drastic management reforms on a company-wide basis to gain competitive edge and heighten its corporate value in an intensifying global competition. In the course of a series of business reforms, the Company has also been discussing internally how to expand its semiconductor business. Meanwhile, ROHM has been looking for opportunities to improve its corporate value by developing into an integrated device manufacturer (IDM) that makes semiconductors, having a wide range of product portfolios with competitive edges.

Based on this background, the two companies agreed on this share transfer. We can create a synergistic effect to strengthen both sales and profit for ROHM and the Semiconductor Business by complementing each other, as the overlap between the products of the Semiconductor Business and the products handled by ROHM is relatively insignificant.

To be specific, for the products with a competitive edge which are made by taking advantage of our advanced technologies in the Semiconductor Business such as low power consumption, high voltage processing, digital/analog mixed processing and small-size packaging technologies, we leverage the fabs of the Semiconductor Business about which we have gained know-how over the years and for relatively new products including system LSIs and logic LSIs that currently use outside foundries, we utilize ROHM's leading-edge production processes. By taking these measures, we think that we can expect an active synergistic effect to be generated based on the two companies' strengths. We also think that both companies will be able to enhance their sales skills by maximizing the sales network, technology and quality support network both in Japan and overseas.

(2) General description of accounting procedure

This transaction was treated as a transaction under common control in accordance with the "Accounting Standards for Business Combination" (the Business Accounting Council of Japan; October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10; finally revised on November 15, 2007).

2. Establishment of a subsidiary for telecommunications business by way of company split (Oki Networks Co., Ltd.)

(1) Name of business subject to company split and details of the business, legal form of business combination, name of company after combination and general description of transaction including purpose of transaction

(i) Name of business subject to company split and details of the business

Name of business subject to company split: Telecommunications business of the Company

Details of the business: Marketing in the field of telecommunications business and planning, development, and sale of products (product, SI/service)

(ii) Legal form of business combination

Incorporation-type company split where the Company is a company making a company split and Oki Networks Co., Ltd. is a company newly established for company split

(iii) Name of company after combination

Oki Networks Co., Ltd.

(iv) General description of transaction including purpose of transaction

The Company resolved at the meeting of the Board of Directors held on August 28, 2008 the incorporation-type company split plan in which the Company causes Oki Networks Co., Ltd. which is newly established by way of company split to succeed to the Company's rights and obligations concerning its telecommunications business effective October 1, 2008 and established a subsidiary for the telecommunications business on October 10, 2008.

OKI has been offering telecom products to Japan's major telecom carriers and to the enterprise network market. However, in recent years, the business environment has been changing rapidly. As networks migrate to IP and the use of NGN-based ubiquitous networks accelerates, the market has been changing rapidly and globally and the competitive environment is getting fiercer.

In order to become a winner in this competitive network market and further expand our telecom business, we understand that it is essential to further increase flexibility in management and establish a business structure that can respond to the changing market in a more agile and timely manner. In addition, to expand into new markets, we believe it is important to strengthen our marketing skills and at an early stage, establish a market-driven business model that is flexible and responsive to the market changes. Thus, we decided to spin off its telecom division, excluding the legacy-type business, to make it independent of the Company as of October 1, 2008 and establish Oki Networks Co., Ltd.

Oki Networks aims to offer advanced services seamlessly connecting telecom networks with enterprise networks based on NGN. OKI will continue to expand its telecom business by creating new products with an eye on the global market. This will be done by leveraging its strengths in highly reliable network technology, network integration technology, offering a full service from IP network technology, design through to maintenance, and eSound®, eVideo™ etc. to enable high quality voice and video over IP.

(2) General description of accounting procedure

This transaction was treated as a transaction under common control in accordance with the "Accounting Standards for Business Combination" (the Business Accounting Council of Japan; October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10; finally revised on November 15, 2007).

(Translation)

Transcript of Account Auditors' Report on Consolidated Financial Statements

Independent Auditors' Report

May 15, 2009

To: Board of Directors
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon LLC
Masato Tsukahara (seal),
Engagement Partner, Certified Public Accountant
Akira Sato (seal),
Engagement Partner, Certified Public Accountant
Yukiyasu Yamakawa (seal),
Engagement Partner, Certified Public Accountant

We have audited the consolidated financial statements – the consolidated balance sheets, the consolidated statement of operations, the consolidated statement of changes in shareholders equity and notes to the consolidated financial statements – of Oki Electric Industry Co., Ltd. for the 85th term from April 1, 2008 to March 31, 2009 in accordance with Article 444 Paragraph 4 of the Company Law. Oki Electric Industry's management is responsible for preparing these consolidated financial statements, and our responsibility is to express our independent opinion regarding these consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we obtain reasonable assurance as to whether the consolidated financial statements are free of material misstatement. Audits are conducted based on a test basis, and include reviews of accounting policies and methods that management adopts, and evaluation of management estimates and the presentation of the consolidated financial statements as a whole. We believe we have obtained reasonable bases for the expression of our opinion as a result of our audit.

We concluded that the consolidated financial statements fairly present in all aspects Oki Electric Industry's and its subsidiaries' assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

Additional information
1. As mentioned in the "Principles for Preparing Consolidated Financial Statements", effective the year ended March 31, 2009, the Company adopted the "Accounting Standards for Measurement of Inventories".
2. As mentioned in the "Notes to Important Subsequent Events", the Company resolved at the meeting of the Board of Directors held on April 28, 2009 to make an early redemption of the 32nd zero coupon convertible bonds with stock acquisition rights.

No conflict of interest as defined by the Accounting Law exists between Oki Electric Industry, our firm (Ernst & Young ShinNihon LLC) and the respective engagement partners.

(Translation)

Non-Consolidated Balance Sheet

(as of March 31, 2009)

(Unit: millions of yen)

Account title	Amount		Account title	Amount	
(Assets)			(Liabilities)		
Current assets			Current liabilities		
Cash and deposits		35,020	Notes payable		213
Notes receivable		826	Accounts payable, trade		43,076
Accounts receivable, trade		49,945	Short-term borrowings		48,886
Lease investment assets		130	Current portion of long-term borrowings		19,456
Marketable securities		1,000	Lease obligations		20
Finished goods		8,380	Accounts payable, others		2,979
Work in process		19,785	Other accrued expenses		10,626
Raw materials and supplies		7,450	Advances		1,278
Prepaid expenses		229	Deposits		1,558
Short-term loan		19,680	Other current liabilities		347
Advanced paid		4,020	Total current liabilities		128,443
Accounts receivable, others		7,609			
Deferred tax assets		1,619	Long-term liabilities		
Other current assets		122	Bonds		12,000
Allowance for doubtful receivables		(94)	Long-term borrowings		66,752
Total current assets		155,725	Lease obligations		118
			Deferred tax liabilities		157
Fixed assets			Retirement benefits		19,544
Property, plant and equipment			Other long-term liabilities		729
Buildings	35,160		Total long-term liabilities		99,302
Accumulated depreciation	(25,065)	10,095	Total liabilities		227,746
Structures	2,574		(Net Assets)		
Accumulated depreciation	(2,214)	360	Shareholders’ equity		
Machinery and equipment	15,957		Common stock		76,940
Accumulated depreciation	(13,487)	2,470	Additional paid-in capital		46,744
Vehicle and delivery equipment	104		Capital reserve		25,928
Accumulated depreciation	(97)	6	Other additional paid-in capital		20,816
Tools, furniture and fixtures	38,079		Retained earnings		(65,220)
Accumulated depreciation	(32,627)	5,451	Other retained earnings		(65,220)
Land		10,442	Retained earnings carried forward		(65,220)
Construction in progress		12	Treasury stock		(357)
Total property, plant and equipment		28,839	Total shareholders’ equity		58,107
Intangible assets					
Goodwill		20	Valuation, translation adjustments and others		
Facility rights		165	Net unrealized holding gain on other securities		(430)
Software		5,410	Loss on Deferred hedges		(350)
Total intangible assets		5,596	Total valuation, translation adjustments and others		(781)
Investments and other assets					
Investments in securities		27,266	Equity warrants		79
Shares of affiliated companies		49,943	Total net assets		57,405
Contribution		236			
Contribution to affiliated companies		1,673			
Long-term loans to employees		1			
Long-term loans to affiliated companies		15,786			
Long-term prepaid expenses		1,463			
Claims provable in bankruptcy, rehabilitation and other		220			
Lease and guarantee deposits		3,006			
Other investments and other assets		825			
Allowance for doubtful receivables		(5,432)			
Total investments and other assets		94,990			
Total fixed assets		129,426			
Total assets		285,151	Total liabilities and net assets		285,151

(Translation)

Non-Consolidated Statement of Operations

(From April 1, 2008 to March 31, 2009)

(Unit: millions of yen)

Account title	Amount	
Net sales		271,108
Cost of sales		227,295
Gross profit		43,812
Selling, general and administrative expenses		52,340
Operating loss		8,527
Non-operating income		
Interest income	637	
Interest income on securities	53	
Dividend income	1,968	
Corporate brand royalty income	1,950	
Other	844	5,454
Non-operating expenses		
Interest expense	3,125	
Other	1,937	5,063
Ordinary loss		8,136
Extraordinary profit		
Compensation for transfer	455	455
Extraordinary loss		
Loss on sale and disposition of property, plant and equipment	1,752	
Write-downs of investments in securities	640	
Write-downs of investments in shares of subsidiaries and affiliates	2,671	
Provision of allowance for doubtful receivables	5,925	
Bad debt written off	1,156	
Special retirement payments	1,182	
Loss on devaluation of inventories	7,649	
Loss on transfer of business and other	3,372	24,350
Net loss before taxes		32,031
Income taxes	(53)	
Income taxes deferred	3,200	3,147
Net loss		35,179

(Translation)

Non-consolidated Statement of Changes in Shareholders' Equity

(From April 1, 2008 to March 31, 2009)

(Unit: millions of yen)

Shareholders' equity	
Common stock	
Balance as of March 31, 2008	76,940
Changes during the term under review	
Net changes during the term under review	-
Balance as of March 31, 2009	76,940
Additional paid-in capital	
Capital reserve	
Balance as of March 31, 2008	25,928
Changes during the term under review	
Net changes during the term under review	-
Balance as of March 31, 2009	25,928
Other additional paid-in capital	
Balance as of March 31, 2008	20,816
Changes during the term under review	
Net changes during the term under review	-
Balance as of March 31, 2009	20,816
Total Additional paid-in capital	
Balance as of March 31, 2008	46,744
Changes during the term under review	
Net changes during the term under review	-
Balance as of March 31, 2009	46,744
Retained earnings	
Other retained earnings	
Retained earnings carried forward	
Balance as of March 31, 2008	(30,041)
Changes during the term under review	
Net loss	(35,179)
Net changes during the term under review	(35,179)
Balance as of March 31, 2009	(65,220)
Total retained earnings	
Balance as of March 31, 2008	(30,041)
Changes during the term under review	
Net loss	(35,179)
Net changes during the term under review	(35,179)
Balance as of March 31, 2009	(65,220)
Treasury stock	
Balance as of March 31, 2008	(339)
Changes during the term under review	
Purchases of treasury stock	(17)
Net changes during the term under review	(17)
Balance as of March 31, 2009	(357)

(Translation)

Total shareholders' equity	
Balance as of March 31, 2008	93,304
Changes during the term under review	
Net loss	(35,179)
Purchases of treasury stock	(17)
Net changes during the term under review	(35,196)
Balance as of March 31, 2009	58,107
Valuation, translation adjustments and others	
Net unrealized holding gain on other securities	
Balance as of March 31, 2008	589
Changes during the term under review	
(Net) changes other than shareholders' equity during the term under review	(1,020)
Net changes during the term under review	(1,020)
Balance as of March 31, 2009	(430)
Loss on Deferred hedges	
Balance as of March 31, 2008	(271)
Changes during the term under review	
(Net) changes other than shareholders' equity during the term under review	(79)
Net changes during the term under review	(79)
Balance as of March 31, 2009	(350)
Valuation, translation adjustments and others	
Balance as of March 31, 2008	318
Changes during the term under review	
(Net) changes other than shareholders' equity during the term under review	(1,099)
Net changes during the term under review	(1,099)
Balance as of March 31, 2009	(781)
Equity warrants	
Balance as of March 31, 2008	79
Changes during the term under review	
Net changes during the term under review	-
Balance as of March 31, 2009	79
Total net assets	
Balance as of March 31, 2008	93,702
Changes during the term under review	
Net loss	(35,179)
Purchases of treasury stock	(17)
(Net) changes other than shareholders' equity during the term under review	(1,099)
Net changes during the term under review	(36,296)
Balance as of March 31, 2009	57,405

(Translation)

Note to Non-consolidated Financial Statements

Significant Accounting Policies

1. Standards and valuation methods for negotiable securities, etc.

Shares of subsidiaries and affiliated companies:

Stated at cost based on the moving average method

Other negotiable securities:

Marketable securities:

Stated at fair value based on the market price at the end of the fiscal year (The difference between book value and market value is included in net assets. The sale cost is calculated by using the moving average method).

Non-marketable securities: Stated at cost based on the moving average method

2. Standards and valuation methods for derivatives, etc.

Derivatives: Stated at market value

3. Standards and valuation methods for inventories

Finished goods:	Stated at cost based on the moving average method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)
Work in process:	Stated at cost based on the specific identification method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)
Materials and supplies:	Stated at cost based on the last purchase price method (Balance sheet values are measured by the method of devaluing the book price to reflect declines in profitability.)

(Change in method of accounting)

Effective the year ended March 31, 2009, the Company adopted the “Accounting Standards for Measurement of Inventories” (Corporate Accounting Standards No. 9; July 5, 2006).

Moreover, considering these Accounting Standards were applied to the valuation of inventory at the beginning of the period, the change in valuation of inventories at the beginning of the period of ¥6,095 million was recorded as “loss on devaluation of inventories”, which was included in extraordinary loss.

Consequently, operating loss and ordinary loss increased by ¥2,683 million and net loss before taxes increased by ¥8,778 million.

4. Depreciation and amortization

Property, plant and equipment (excluding lease assets): declining-balance method

The straight-line method is applied to buildings, excluding annexed structures, acquired on or after April 1, 1998.

(Additional information)

Change of expected lifetime of tangible fixed assets

The Company revised (in most cases shortened) the expected economic lifetime of a part of the machinery upon revision of the Corporation Tax Act.

The effect of this on profit and loss is insignificant.

Intangible assets (excluding lease assets)

Software for sale in the market:

Amortization method based on the estimated amounts of sales in the estimated number of years for sales (3 years)

Software for internal use:

Straight-line method based on the estimated durable years (5 years)

Others: Straight-line method

Lease assets

(Lease assets relating to finance lease transactions without transfer of ownership):

They are depreciated over the lease contract's lifetime by the straight-line method, assuming the residual value is zero.

In addition, out of the finance lease transactions that do not transfer ownership, lease transactions whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

5. Basis for provision of reserves

Allowance for doubtful receivables

To prepare for any losses on accounts receivable and loans, the Company calculates the amount of potential loss by using the historical loss ratio in the case of non-classified loans/receivables and by individual assessment in the case of classified loans/receivables.

Retirement benefits

To prepare for payment of retirement benefits to employees, the Company records the amount recognized to accrue at the end of the fiscal year based on the estimated values of retirement benefit obligations and pension assets.

Differences for changes in accounting standards are amortized over 15 years.

Prior service cost is amortized by the straight-line method over a certain number of years (14 years) within the average remaining years of service of employees.

The actuarial difference is amortized proportionately using the straight-line method over a certain number of years (13 to 14 years) within the average remaining service period of the employees from the fiscal year after the difference is incurred.

6. Hedge accounting methods

(1) Method of hedge accounting

Deferred hedging is applied. As for forward exchange contracts eligible for allocation treatment, allocation treatment is applied. With regard to interest rate swaps that meet the requirements for special treatment, special treatment is applied.

(2) Means of hedging and targets of hedging

Forward exchange contracts are used to hedge fluctuations of exchange rates on credits and debts in foreign currencies. Interest rate swaps are employed to hedge fluctuations of interest rates in the markets on variable-rate short-term borrowings and long-term borrowings.

(3) Policies on hedging
Derivative transactions are used to hedge fluctuations of market rates on credits and debts.

(4) Assessment method of the effectiveness of hedges
To determine the effectiveness of hedges, the Company compares the cumulative total of the market fluctuations or the cash flow fluctuations for the targets of hedging and that of the market fluctuations or the cash flow fluctuations for the means of hedging, during the period from the start of hedging to the assessment. The Company then makes a decision based on the changes of the two.

7. Other important matters in preparation of non-consolidated financial statements

(1) Accounting processing of consumption tax
The tax-exclusion approach is applied for accounting of consumption tax and local consumption tax.

(2) Application of consolidated tax payments
Consolidated tax payments are applied.

Changes in accounting policies

Accounting Standard for Lease Transactions

Finance lease transactions that to do not transfer ownership were accounted for on a basis similar to rental transactions, but they have been accounted for on a basis similar to ordinary sales transactions as we adopted the "Accounting Standard for Lease Transactions" (Accounting Standards Board of Japan Statement No. 13; June 17, 1993 (the Business Accounting Council of Japan First Division); revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (Corporate Accounting Standards Board of Japan Guidance No. 16; January 18, 1994 (The Japanese Institute of Certified Public Accountants, Accounting System Committee); revised on March 30, 2007).

The effect of this on profit and loss is insignificant.

Notes to Non-consolidated Balance Sheets

1. Assets pledged as collateral

Investment in securities:	¥7,374 million

Liabilities collateralized by the above assets:

Short-term borrowings:	¥6,000 million

2. Guarantee liabilities:

The Company provides guarantees for bank borrowings made by employees and affiliated companies as shown below.

Oki Electric Industry (Shenzhen) Co., Ltd.	¥1,386 million (96,431 thousand yuan)

Employees (housing loans)	¥1,002 million
Oki Data Americas, Inc.	¥501 million
	(US$5,100 thousand)
Nagano Oki Electric Co., Ltd.	¥400 million
Oki Engineering Co., Ltd.	¥317 million
Three other entities:	¥49 million
Total:	¥3,657 million

3. Monetary claims receivable from and payable to affiliates

Short-term monetary claims receivable from affiliated companies:	¥34,062 million
Long-term monetary claims receivable from affiliated companies:	¥16,980 million
Short-term monetary claims payable to affiliated companies:	¥30,346 million
Long-term monetary claims payable to affiliated companies:	¥16 million

Notes to Non-consolidated Statement of Operations

Transactions with affiliated companies

Sales:	¥40,052 million
Purchases:	¥102,360 million
Non-operating transactions:	¥5,959 million

Notes to Non-consolidated Statement of Changes in Shareholders' Equity

Type and number of treasury stock as of the end of the fiscal year under review

Common stock:	1,295 thousand shares

(Translation)

Notes to Deferred Tax Accounting

Major factors giving rise to deferred tax assets and liabilities

Deferred tax assets	
Loss carryforwards	¥24,668 million
Nondeductible retirement benefits	¥10,620 million
Nondeductible doubtful accounts	¥2,190 million
Nondeductible write-downs of inventories	¥2,003 million
Nondeductible loss on evaluation of affiliates’ stocks	¥1,543 million
Nondeductible loss on impairment of fixed assets	¥1,181 million
Nondeductible loss on evaluation of investment securities	¥802 million
Nondeductible accrued bonuses	¥690 million
Others	¥1,715 million
Subtotal deferred tax assets	¥45,417 million
Valuation allowance	¥(42,328) million
Total deferred tax assets	¥3,088 million
Deferred tax liabilities	
Nondeductible unrealized gain on contribution of securities to the pension trust	¥(1,567) million
Others	¥(59) million
Total deferred tax liabilities	¥(1,626) million
Net deferred tax liabilities	¥1,461 million

Notes to Leased Fixed Assets

Finance lease transactions that do not transfer ownership whose lease transaction commencement date was on or prior to March 31, 2008 are accounted for on a basis similar to ordinary rental transactions.

1. Amount equivalent to acquisition cost of leased assets as of the end of the term under review ¥802 million
2. Amount equivalent to accumulated depreciation of leased assets as of the end of the term under review ¥331 million
3. Amount equivalent to unexpired lease payment of leased assets as of the end of the term under review ¥484 million

(Translation)

Notes to Related Party Transactions

Subsidiaries, etc.

Attribute	Company name	Location	Capital	Business	Voting right ratio	Relationship with related party	Description of transactions	Transaction amount (mil. yen)	Account item	Ending balance (mil. yen)
Subsidiary	Oki Software Co., Ltd.	Warabi, Saitama Pref.	¥400 million	Production and sales of software	(Direct) 100%	Production of software on a contract basis, etc. lending of funds, concurrent assumption of office of officer	Purchase of services	16,627	Accounts payable – trade	5,571
									Accrued expenses	361
							Lending of funds	11,950	Short-term loans	3,450
Subsidiary	Oki Networks Co., Ltd.	Minato-ku, Tokyo	¥490 million	Marketing in the field of telecommunications business and planning, development, and sale of products	(Direct) 100%	Purchase of products and services, lending of funds, concurrent assumption of office of officer	Purchase of products and services	8,921	Accounts payable – trade	6,869
							Substitutio-nal purchase, etc.	-	Advances	3,283
							Lending of funds	5,750	Short-term loans	3,700
Subsidiary	Oki Customer Adtech Co., Ltd.	Koto-ku, Tokyo	¥2,050 million	Maintenance, construction, monitoring, operation, manufacture and sale of equipment and systems	(Direct) 100%	Purchase of services, lending of funds, concurrent assumption of office of officer	Underwriting of capital increase	1,343	-	-
							Lending of funds	84,550	Short-term loans	2,380
Subsidiary	Oki Printed Circuits Co., Ltd.	Joetsu, Niigata Pref.	¥480 million	Development, design, manufacture and sale of high-density multi-layer printed circuit boards	(Direct) 100%	Purchase of products and services, lending of funds, concurrent assumption of office of officer	Lending of funds	5,958	Short-term loans	2,601
Subsidiary	Oki Developme-nt Co., Ltd.	Shinagawa-ku, Tokyo	¥180 million	Ownership, sale, purchase, lease and brokerage of real estate, contract for construction work, design, construction management and building management	(Direct) 100%	Lease and brokerage of real estate, lending of funds, concurrent assumption of office of officer	Lending of funds	3,640	Short-term loans	1,760
Subsidiary	Oki Telecommu-nication Systems Co., Ltd.	Warabi, Saitama Pref.	¥200 million	Development and manufacture of telecommunications software	(Direct) 100%	Production of software on a contract basis, etc. Lending of funds	Lending of funds	3,270	Short-term loans	1,110
Subsidiary	Oki Communica-tion Systems Co., Ltd.	Tokorozawa, Saitama Pref.	¥300 million	Design, manufacture, development and sale of electronic, information and telecommunications device and related parts	(Direct) 100%	Purchase of products and services, lending of funds	Lending of funds	7,300	Affiliate long-term loans	3,180
Subsidiary	Oki Network Integration Co., Ltd.	Koto-ku, Tokyo	¥100 million	Network integration service business	(Direct) 80% (Indirect) 20%	Purchase of products and services, lending of funds, concurrent assumption of office of officer	Lending of funds	4,630	Affiliate long-term loans	720
Subsidiary	Nagano Oki Electric Co., Ltd.	Komoro, Nagano Pref.	¥400 million	Manufacture, inspection and repair of substrates and devices	(Direct) 100%	Purchase of products and services, lending of funds, concurrent assumption of office of officer	Lending of funds	4,130	Affiliate long-term loans	2,050
Subsidiary	Oki Power Tech Co., Ltd.	Fukushima, Fukushima Pref.	¥100 million	Development, design, manufacture and sale of power supply units for electric devices	(Direct) 100%	Purchase of products and services, lending of funds	Lending of funds	3,600	Affiliate long-term loans	3,600
Subsidiary	Oki Sensor Device Corporation	Hachioji, Tokyo	¥200 million	Development, design, manufacture and sale of electric parts	(Direct) 100%	Lending of funds, concurrent assumption of office of officer	Lending of funds	3,495	Affiliate long-term loans	1,265

(Translation)

Attribute	Company name	Location	Capital	Business	Voting right ratio	Relationship with related party	Description of transactions	Transaction amount (mil. yen)	Account item	Ending balance (mil. yen)
Subsidiary	Miyagi Oki Electric Co., Ltd.	Ohira-mura, Kurokawa-gun, Miyagi Pref.	¥200 million	Production and sales of semiconductor products	-	Processing of the Company's products on a contract basis Lending of funds	Lending of funds	13,250	-	-
Subsidiary	Miyazaki Oki Electric Co., Ltd.	Kiyotake-cho, Miyazaki-gun, Miyazaki Pref.	¥200 million	Production and sales of semiconductors	-	Processing of products on a contract basis, Lending of funds	Lending of funds	13,032	-	-
Subsidiary	Oki Data Corporation	Minato-ku, Tokyo	¥17,000 million	Sales of printers	(Direct) 100%	Purchase of products, concurrent assumption of office of officer	consideration for use of the corporate brand	1,185	-	-

Notes:

1. The transactions amount excludes consumption tax, while the ending balance includes consumption tax.
2. Conditions of transactions and policy in determining conditions
   (1) The Company determines conditions regarding purchase of services and products based on market prices.
   (2) The Company determines the interest rate for the lending of funds by taking the market rate of interest into consideration.
   (3) The Company determines the amount of consideration for the corporate brand royalty by reference to a general model.
3. Underwriting of capital increase: The Company underwrote a capital increase carried out by Oki Customer Adtech Co., Ltd. and the acquisition cost (transaction amount) is calculated based on the amount equivalent to the shareholders' equity for the most recent settlement period of the company. With respect to such transaction, the Company recorded a difference between the amount of claim which has ceased to exist and acquisition cost of ¥1,156 million as bad debt written-off.
4. For the loans to eight subsidiaries, the Company recorded a loan loss reserve of ¥4,728 million in total. The Company also recorded a provision for loan loss reserve of ¥5,715 million in the business year under review. Of such amount, ¥2,826 million is for the subsidiaries which were succeeded to by a newly established company when the Company spun off its semiconductor business and transferred the business to a newly established company, Oki Semiconductor Co., Ltd. on October 1, 2008 and there is no provision for loan loss reserve at the end of the business year under review.

Notes to Per-share Information

1. Net assets per share: ¥83.94
2. Net loss per share: ¥51.50

Notes to Significant Subsequent Events

Early redemption of zero coupon convertible bonds with stock acquisition rights

The Company resolved to make an early redemption of Oki Electric Industry Co., Ltd. 32nd zero coupon convertible bonds with stock acquisition rights at the meeting of the Board of Directors held on April 28, 2009.

1. Purpose of early redemption

The Company decided to redeem early a full amount of the bonds by taking the status of funds and other conditions of the Company into consideration on a comprehensive manner based on the current trends in share price level.

2. Type and description of bonds to be redeemed
Oki Electric Industry Co., Ltd. 32nd zero coupon convertible bonds with stock acquisition rights

3. Amount of early redemption
¥103 per face value of ¥100 (Outstanding balance is ¥12 billion.)

4. Method of early redemption
Early redemption of full amount of outstanding balance upon exercise of call options

5. Date of redemption
June 5, 2009

6. Method of raising funds for redemption
The Company plans to apply cash reserves.

7. Amount of interest expense expected to decrease due to decrease in number of bonds
As no interest accrues on the bonds, the amount of interest expense is not affected.

Notes to Business Combination

Transactions under common control, etc.

1. Establishment of a subsidiary for semiconductor business by way of company split (Oki Semiconductor Co., Ltd.)
   (1) Name of business subject to company split and details of the business, legal form of business combination, name of company after combination and general description of transaction including purpose of transaction
      (i) Name of business subject to company split and details of the business
      Name of business subject to company split: Semiconductor business of the Company
      Details of the business: Manufacture and sale of system LSIs, Logic LSIs, Memory LSIs and devices for high-speed optical communications and foundry service
      (ii) Legal form of business combination
      Incorporation-type company split with separated business transferrable to a new entity where the Company is a company making a company split and Oki Semiconductor Co., Ltd. is a company newly established for company split.
      (iii) Name of company after combination
      Oki Semiconductor Co., Ltd.
      (iv) General description of transaction including purpose of transaction
      The Company caused Oki Semiconductor Co., Ltd. which was newly established by way of company split to succeed to the Company’s rights and obligations

concerning its semiconductor business (the "Semiconductor Business") on October 1, 2008. In addition, the Company transferred 95% of issued shares of Oki Semiconductor Co., Ltd. to ROHM Co., Ltd. ("ROHM").

The Company has been promoting drastic management reforms on a company-wide basis to gain competitive edge and heighten its corporate value in an intensifying global competition. In the course of a series of business reforms, the Company has also been discussing internally how to expand its semiconductor business. Meanwhile, ROHM has been looking for opportunities to improve its corporate value by developing into an integrated device manufacturer (IDM) that makes semiconductors, having a wide range of product portfolios with competitive edges.

Based on this background, the two companies agreed on this share transfer. We can create a synergistic effect to strengthen both sales and profit for ROHM and the Semiconductor Business by complementing each other, as the overlap between the products of the Semiconductor Business and the products handled by ROHM is relatively insignificant.

To be specific, for the products with competitive edge which are made by taking advantage of our advanced technologies in the Semiconductor Business such as low power consumption, high voltage processing, digital/analog mixed processing and small-size packaging technologies, we leverage the fabs of the Semiconductor Business about which we have gained know-how over the years and for relatively new products including system LSIs and logic LSIs that currently use outside foundries, we utilize ROHM's leading-edge production processes. By taking these measures, we think that we can expect an active synergistic effect to be generated based on the two companies' strengths. We also think that both companies will be able to enhance their sales skills by maximizing the sales network, technology and quality support network both in Japan and overseas.

(2) General description of accounting procedure

This transaction was treated as a transaction under common control in accordance with the "Accounting Standards for Business Combination" (the Business Accounting Council of Japan; October 31, 2003) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10; finally revised on November 15, 2007).

2. Establishment of a subsidiary for telecommunications business by way of company split (Oki Networks Co., Ltd.)

(1) Name of business subject to company split and details of the business, legal form of business combination, name of company after combination and general description of transaction including purpose of transaction

(i) Name of business subject to company split and details of the business

Name of business subject to company split: Telecommunications business of the Company

Details of the business: Marketing in the field of telecommunications business and planning, development, and sale of products (product, SI/service)

(ii) Legal form of business combination

Incorporation-type company split where the Company is a company making a company split and Oki Networks Co., Ltd. is a company newly established for company split

(iii) Name of company after combination

Oki Networks Co., Ltd.

(iv) General description of transaction including purpose of transaction

The Company resolved at the meeting of the Board of Directors held on August 28, 2008 the incorporation-type company split plan in which the Company causes Oki Networks Co., Ltd. which is newly established by way of company split to succeed to the Company’s rights and obligations concerning its telecommunications business effective October 1, 2008 and established a subsidiary for the telecommunications business on October 10, 2008.

OKI has been offering telecom products to Japan’s major telecom carriers and to the enterprise network market. However, in recent years, the business environment has been changing rapidly. As networks migrate to IP and the use of NGN-based ubiquitous networks accelerates, the market has been changing rapidly and globally and competitive environment is getting fiercer.

In order to become a winner in this competitive network market and further expand our telecom business, we understand that it is essential to further increase flexibility in management and establish a business structure that can respond to the changing market in a more agile and timely manner. In addition, to expand into new markets, we believe it is important to strengthen our marketing skills and at an early stage, establish a market-driven business model that is flexible and responsive to the market changes. Thus, we decided to spin off its telecom division, excluding legacy-type business, to make it independent of the Company as of October 1, 2008 and establish Oki Networks Co., Ltd.

Oki Networks aims to offer advanced services seamlessly connecting telecom networks with enterprise networks based on NGN. OKI will continue to expand its telecom business by creating new products with an eye on the global market. This will be done by leveraging its strengths in highly reliable network technology, network integration technology, offering a full service from IP network technology, design through to maintenance, and eSound®, eVideo™ etc. to enable high quality voice and video over IP.

(2) General description of accounting procedure

This transaction was treated as a transaction under common control in accordance with the “Accounting Standards for Business Combination” (the Business Accounting Council of Japan; October 31, 2003) and “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (Accounting Standards Board of Japan Guidance No. 10; finally revised on November 15, 2007).

(Translation)

Transcript of Account Auditors' Report

Independent Auditors' Report

May 15, 2009

To: Board of Directors
Oki Electric Industry Co., Ltd.

Ernst & Young ShinNihon LLC

Masato Tsukahara (seal),
Engagement Partner, Certified Public Accountant
Akira Sato (seal),
Engagement Partner, Certified Public Accountant
Yukiyasu Yamakawa (seal),
Engagement Partner, Certified Public Accountant

We have audited the non-consolidated financial statements – the non-consolidated balance sheets, the non-consolidated statement of operations, the non-consolidated statement of changes in shareholders' equity and notes to non-consolidated financial statements – and its supporting schedules of Oki Electric Industry Co., Ltd.'s 85th term from April 1, 2008 to March 31, 2009 in accordance with Article 436 Paragraph 2 Item 1 of the Company Law. The financial statements and supporting schedules are the responsibility of Oki Electric Industry's management. Our responsibility is to express an opinion on the financial statements and supporting schedules based on our audit as independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require that we obtain reasonable assurance as to whether these financial statements are free of material misstatement. Audits are conducted based on a test basis, and include reviews of accounting policies and methods that management adopts, and evaluation of management estimates and the presentation of financial statements and supporting schedules as a whole. We believe that we have obtained reasonable bases for the expression of our opinion as a result of our audit.

We concluded that the non-consolidated financial statements fairly present in all aspects Oki Electric Industry's assets and income or loss in accordance with corporate accounting standards generally accepted in Japan.

Additional Information:
1. As mentioned in the "Principles for Preparing Financial Statements", effective the year ended March 31, 2009, the Company adopted the "Accounting Standards for Measurement of Inventories".
2. As mentioned in the "Notes to Important Subsequent Events", the Company resolved at the meeting of the Board of Directors held on April 28, 2009 to make an early redemption of the 32nd zero coupon convertible bonds with stock acquisition rights.

No conflict of interest as defined by the Accounting Law exists between Oki Electric Industry Co., Ltd., our firm (Ernst & Young ShinNihon LLC) and the respective engagement partners.

(Translation)

Transcript of Corporate Auditors' Report

Corporate Auditors' Report

We, the Board of Corporate Auditors, have prepared upon consultation this Audit Report based on reports compiled by each Corporate Auditor with respect to Directors' performance of their duties during the 85th fiscal year from April 1, 2008 to March 31, 2009, as follows:

1. Auditing methods used by Corporate Auditors and the Board of Corporate Auditors, and details of audit

The Board of Corporate Auditors specified an audit policy, compiled audit plans and received reports from each Corporate Auditor on the status of implementation and results of audits and also received reports from Directors and accounting auditors on the status of the execution of their duties and asked them for explanations as needed.

Each Corporate Auditor, according to the audit standards, policy and plans set up by the Board of Corporate Auditors, has maintained good communications with Directors, the internal audit division and other employees and strived to collect information and improve the audit environment as well as attending meetings of the Board of Directors and other meetings as deemed important, received from Directors and employees reports on the execution of their duties, asked for explanations as necessary, perused the documents whereby the important decisions were made, and examined business and financial conditions at the head office and principal operating offices. In addition, we have monitored and verified the details of the resolution made by the Board of Directors concerning the establishment of systems defined in Article 100, Paragraph 1 and Paragraph 3 of the Regulations for Enforcement of the Company Law as necessary for ensuring compliance with laws and the Company's Articles of Incorporation in the performance of duties by Directors and for ensuring appropriateness of duties of a joint stock company. We have also monitored and verified the status of the systems established based on the said resolution (internal control systems). Also, we have maintained good communications and exchanged information with directors, corporate auditors and others of the subsidiaries of the Company, and received from the subsidiaries reports on their business conditions as needed. Based on the methods mentioned above, we have reviewed the financial statements for the said fiscal year and their supplementary schedules.

We have also monitored and verified whether the auditors maintained their independence and properly implemented audits, received from the auditors reports on the performance of their duties and asked them for explanations as necessary. The accounting auditors reported to us that "systems for ensuring proper execution of duties" (listed in each item of Article 131 of the Corporate Calculation Regulations) have been established in accordance with the quality control standards concerning audits (Business Accounting Council, October 28, 2005), and asked them for explanations as necessary. Based on the methods mentioned above, we have reviewed financial statements for the said fiscal year (balance sheet, statement of operations, statement of changes in shareholders' equity, and notes to non-consolidated financial statements), their supplementary schedules and consolidated financial statements (consolidated balance sheet, consolidated statement of operations, consolidated statement of changes in shareholders' equity, and notes to consolidated financial statements).

2. Results of Audit

(1) Results of audit of the business report
   1) We consider that the business report and its supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
   2) With respect to the Directors' performance of their duties, we have found neither undue transactions nor material facts that violate relevant laws and regulations or the Company's Articles of Incorporation.
   3) We consider that the details of the resolution made by the Board of Directors concerning internal control procedures are proper. With respect to the Directors' performance of their internal control duties regarding, we have found no issues to be pointed out.

(2) Results of audit of financial statements and their supplementary schedules
   We consider that the auditing methods and results of the Company's Accounting Auditors, Ernst & Young ShinNihon LLC, are proper.

(3) Results of audit of consolidated financial statements
   We consider that the auditing methods and results of the Company's Accounting Auditors, Ernst & Young ShinNihon LLC, are proper.

May 19, 2008

The Board of Corporate Auditors, Oki Electric Industry Co., Ltd.
Takahisa Inagawa, Standing Auditor (seal)
Yoshikatsu Shiraishi, Standing Auditor (seal)
Noriyuki Kandori, Outside Standing Auditor (seal)
Seiji Nishi, Outside Auditor (seal)

(Translation)

Reference Documents for the General Meeting of Shareholders

Agenda and Reference Matters

Agenda 1: Partial Amendment to the Articles of Incorporation

1. Reason for change

(1) The Law for Partial Amendment of the Law Concerning Book-Entry Transfer of Corporate Bonds, etc. to Streamline Settlement for Transactions of Shares, etc. (Law No. 88 of 2004) was enforced on January 5, 2009, and shares of listed companies were simultaneously transferred to the book-entry transfer system for shares. Following the transfer to the new system, the amendment to the Articles of Incorporation is deemed to be resolved to abolish the provision of issuing share certificates in Article 8 of the current Articles of Incorporation. Concurrently, since the provision of non-issuance of shares less than one unit in Paragraph 2, Article 9, the provision concerning beneficial shareholders in Article 10 and the provision concerning the register of beneficial shareholders in Article 11 became unnecessary, we propose to delete these provisions.

(2) To further clarify the roles and responsibilities of Directors who make decisions and supervise managerial issues, and corporate officers who execute business operations, and to enhance their functions, we propose to abolish the system for Directors with specific titles, and delete such provision for Directors with specific titles from the Articles of Incorporation.

(3) In addition to the amendment above, we propose to revise the number of articles.

2. Details of proposed amendments

Details of the proposed amendments are as follows:

(Underlined portions indicate the parts that are to be changed.)

Current Articles of Incorporation	Proposed Amendment
<u>Article 8. (Issuance of Share Certificates)</u> <u>The Company shall issue share certificates for the shares.</u>	(deleted)
Article 9. (Number of Shares Constituting One Unit<u> and Non-Issuance of Certificates for Less-Than-One-Unit Shares</u>)	Article <u>8</u>. (Number of Shares Constituting One Unit)
1. The number of shares constituting one unit of shares of the Company shall be one thousand (1,000) shares.	1. The number of shares constituting one unit of shares of the Company shall be one thousand (1,000) shares.
<u>2. Notwithstanding the preceding provision, the Company shall not issue any certificates for shares less than one unit, unless otherwise provided for in the Share Handling Regulations.</u>	(deleted)
Article <u>10</u>. (Rights Concerning Less-Than-One-Unit	Article <u>9</u>. (Rights Concerning Less-Than-One-Unit

(Translation)

Current Articles of Incorporation	Proposed Amendment
Shares) A shareholder (including the beneficial shareholder; the same applies hereinafter) of the Company shall not exercise any rights other than those described below with respect to the shares less than one unit held by it. i) Right described in each Item of Paragraph 2, Article 189 of the Company Law. ii) Right to make a request under the provision of Paragraph 1, Article 166 of the Company Law. iii) Right to receive allocation of offered shares and allocation of offered stock purchase warrants in accordance with the number of shares held by the shareholder.	Shares) A shareholder of the Company shall not exercise any rights other than those described below with respect to the shares less than one unit held by it. i) Right described in each Item of Paragraph 2, Article 189 of the Company Law. ii) Right to make a request under the provision of Paragraph 1, Article 166 of the Company Law. iii) Right to receive allocation of offered shares and allocation of offered stock purchase warrants in accordance with the number of shares held by the shareholder.
Article 11. (Administrator of Register of Shareholders) 1. The Company shall have an administrator of the register of shareholders. 2. The administrator of the register of shareholders and its handling office shall be determined by resolution of the Board of Directors and public notice shall be given thereof. 3. The register of shareholders (including the register of beneficial shareholders; the same applies hereinafter), the register of stock purchase warrants and the register of lost share certificates of the Company shall be prepared and kept, and all other business pertaining to the register of shareholders, the register of stock purchase warrants and the register of lost share certificates shall be handled by the administrator of the register of shareholders and not by the Company.	Article 10. (Administrator of Register of Shareholders) 1. The Company shall have an administrator of the register of shareholders. 2. The administrator of the register of shareholders and its handling office shall be determined by resolution of the Board of Directors and public notice shall be given thereof. 3. Preparation and storage of the register of shareholders and other administrative business pertaining to the register of stock purchase warrants of the Company shall be handled by the administrator of the register of shareholders and not by the Company.
Article 12. (Share Handling Regulations) The business and the service charges pertaining to the shares of the Company shall be subject to laws, ordinances or these Articles of Incorporation and the Share Handling Regulations established by the Board of Directors.	Article 11. (Share Handling Regulations) The business pertaining to the shares of the Company shall be subject to laws, ordinances or these Articles of Incorporation and the Share Handling Regulations established by the Board of Directors.
Article 13 to 14 (provisions omitted)	Article 12 to 13 (provisions omitted)
Article 15. (Person with the Right to Call the Meeting and Chairman) 1. A meeting of the shareholders shall be called and presided over by the Director and President. 2. In case the Director and President is unable to act, one of the other directors shall call and preside over the meeting of the shareholders in accordance with the order determined in advance by resolution of the Board of Directors.	Article 14. (Person with the Right to Call the Meeting and Chairman) 1. A Director appointed by the Board of Directors among Representative Directors shall convene a meeting of the shareholders and become chairman. 2. In case the Director in the preceding paragraph is unable to act, one of the other directors shall call and preside over the meeting of the shareholders in accordance with the order determined in advance by resolution of the Board of Directors.

(Translation)

Current Articles of Incorporation	Proposed Amendment
Article 16 to 21 (provisions omitted)	Article 15 to 20 (provisions omitted)
Article 22. (Representative Directors and Directors with Specific Titles) 1. Representative Directors shall be elected by resolution of the Board of Directors. 2. The Board of Directors shall decide one Director and Chairman, one President and Director, several Directors and Vice Presidents, several Managing Directors and several Senior Managing Directors by its resolution.	Article 21. (Representative Directors) Representative Directors shall be elected by resolution of the Board of Directors. (deleted)
Article 23. (Person with the Right to Call the Meeting of Board of Directors and Chairman) 1. Unless otherwise provided for in laws and regulations, meeting of the Board of Directors shall be called and presided over by a Director and Chairman. 2. In case the Director and Chairman is unable to act, one of the other directors shall call and preside over the meeting of the Board of Directors in accordance with the order determined in advance by resolution of the Board of Directors.	Article 22. (Person with the Right to Call the Meeting of Board of Directors and Chairman) 1. Unless otherwise provided for in laws and regulations, a meeting of the Board of Directors shall be called and presided over by a Director previously appointed by the Board of Directors. 2. In case the Director as in the preceding paragraph is unable to act, one of the other directors shall call and preside over the meeting of the Board of Directors in accordance with the order determined in advance by resolution of the Board of Directors.
Article 24 to 36 (provisions omitted)	Article 23 to 35 (provisions omitted)
(Newly established)	Supplementary Provisions Article 1 1. Preparation and storage of the register of the lost share certificates of the Company and other administrative business pertaining to the register of the lost share certificates of the Company shall be handled by the administrator of the register of shareholders and not by the Company. 2. This article shall be valid until January 5, 2010, and be deleted as of January 6, 2010.

(Translation)

Agenda 2: Election of Two (2) Directors

Keiichi Fukumura, Masayoshi Matsushita and Hironori Kitabayashi resigned as Directors as of April 1, 2009.

Also, the tenure of both Directors Hideichi Kawasaki and Minoru Morio will expire at the end of this general meeting of shareholders.

We accordingly request that you elect two Directors from among the following candidates.

Candidates for Directors (Two):

Candidate number	Name (Date of birth)	Brief personal profile, position and representation of other companies	Number of Oki shares held
1	Hideichi Kawasaki (January 10, 1947)	Apr. 1970 Joined Oki Electric Nov. 1990 General Manager, No. 3 Sales Div., Financial System Sales Headquarters Apr. 2001 Executive Officer Apr. 2004 Managing Executive Officer Jun. 2005 Managing Director Apr. 2009 Director and Vice President (incumbent)	31,000 shares
2	Minoru Morio (May 20, 1939)	Apr. 1963 Joined Sony Corp. Apr. 1988 General Manager, Personal Video Headquarters, Sony Corp. Jun. 1988 Director, Sony Corp. Jun. 1990 Managing Director, Sony Corp. Jun. 1993 Director and Vice President, Sony Corp. Jun. 1999 Representative of Technology, Sony Corp. Jun. 2000 Director and Vice Chairman, Sony Corp. Jun. 2001 Director, Oki Electric (incumbent)	10,000 shares

Notes:

1. The candidate for Director Minoru Morio is currently the outside Director of the Company, and is in eight years after assumption thereof at the conclusion of this ordinary general meeting of shareholders.
2. The reason Mr. Minoru Morio is proposed to be the candidate for outside Director is as follows:
   In light of his abundant experience, brilliant character and insight in the electronics industry, we judged that he would be able to precisely advise on the Company’s management environment and managerial issues, which would lead to enhance the supervisory function of the Board of Directors against the business execution entity.

(Translation)

Agenda 3: Election of One (1) Corporate Auditor

Corporate Auditor Takahisa Inagawa will retire effective at the end of this general meeting of shareholders.

We accordingly request that you elect one new Corporate Auditor. Particulars of the proposed candidate are provided below.

The Board of Auditors has already approved this agenda.

Candidate for Corporate Auditor (1):

Name (Date of birth)	Brief personal profile, position and representation of other companies		Number of Oki shares held
Keiichi Fukumura (April 16, 1947)	Apr. 1970 Jun. 1995 Jun. 1998 Apr. 2000 Apr. 2006 Jun. 2007 Apr. 2009	Joined Oki Electric General Manager, Finance Div. General Manager, Accounting Div. Executive Officer Managing Executive Officer Managing Director Advisor (incumbent) (Representation at other companies) President and CEO, Oki Development Co., Ltd.	29,000 shares

Notes: The candidate Keiichi Fukumura is planned to resign as President and CEO of Oki Development Co., Ltd. on June 15, 2009.

(Translation)

Appendix

Instructions for the Exercise of Voting Rights via the Internet

1. Matters requiring your agreement concerning the exercise of voting rights via the Internet

We kindly request your consent to the following regarding exercise of voting rights via the Internet.

1) Exercise of voting rights via Internet is only possible by accessing the voting site designated by the Company (please refer to the following URL). It is also possible to access this site with a mobile phone. You will need to enter your voting rights exercise code and password (valid only for purposes of this general meeting) provided in the lower right corner of the voting rights exercise form, enclosed with the Notice.
2) If you exercise your voting rights both in writing and via the Internet, we will regard the vote cast via the Internet to be effective.
3) If you exercise your voting rights more than once, we will regard the last vote you cast via the Internet to be the effective one.
4) You will bear all connection charges for using the Internet (service provider access fees, communication charges, etc.)

2. Instructions for voting via the Internet

1) Access http://www.it-soukai.com/ or https://daiko.mizuho-tb.co.jp/.
(Please note that the above URLs cannot be accessed from 3:00 a.m. to 5:00 a.m. during the voting period.)
2) Enter the voting rights exercise code and the password and click "log-in."
3) Proceed to vote in accordance with the onscreen instructions.

3. Technical specifications

1) Operating system: Windows operating systems
2) Browser: Internet Explorer 5.5 or above
3) Internet connection: Any service providing Internet access
4) Mobile phones: Services should be available from any of i-mode, EZweb or Yahoo! Keitai (certain models cannot be used.) If you are using a cellular phone with bar-code scanner features we request that you use the QR Code provided in the margin.

4. Notes on information security

Please rest assured that you will be able to use our systems safely as we use cryptographic technology (128-bit SSL) in order to prevent exercise-related information from being falsified or wiretapped.

The voting rights exercise code and password provided on your voting rights exercise form are an important means of validating you as our shareholder. Please ensure that they are not disclosed to others. The Company's staff will never ask you to disclose your password.

5. Contact

1) For information concerning the operation of personal computers for the electronic exercise of voting rights:
Internet Help Dial, Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
Tel: 0120-768-524 (toll-free)
From 9:00 a.m. to 9:00 p.m. excluding Saturdays, Sundays and national holidays
2) For address changes and other matters other than (1) above:
Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd.
Tel. 0120-288-324 (toll-free)
From 9:00 a.m. to 5:00 p.m. excluding Saturdays, Sundays and national holidays

Windows and Internet Explorer are registered trademarks of Microsoft Corporation (U.S.)
i-mode is the registered trademark of NTT Mobile Communications Network, Inc. (NTT DoCoMo).
EZweb is the registered trademark of KDDI Corporation.
Yahoo! is the trademark of Yahoo! Inc. of the U.S.
QR Code is the registered trademark of Denso Wave Incorporated.